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2025 Regular Session

Chapters 1 - 162

CHAPTER 1

(HB 1)

AN ACT relating to the individual income tax rate.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 141.020 is amended to read as follows:

(1) An annual tax shall be paid for each taxable year by every resident individual of this state upon his or her entire net income as defined in this chapter. The tax shall be determined by applying the rates in subsection (2) of this section to net income and subtracting allowable tax credits provided in subsection (3) of this section.

(2) (a) As used in this subsection:

1. "Balance in the BRTF at the end of a fiscal year" means the budget reserve trust fund account established in KRS 48.705 and includes the following amounts and actions resulting from the final close of the fiscal year:

a. The amount of moneys in the fund at the end of a fiscal year;

b. All close-out actions related to a budget reduction plan under KRS 48.130 or as modified in a branch budget bill; and

c. All close-out actions related to the surplus expenditure plan under KRS 48.140 or as modified in a branch budget bill;

2. "GF appropriations" means the authorization by the General Assembly to expend GF moneys, excluding:

a. Continuing appropriations;

b. Any appropriation to the budget reserve trust fund;

c. Any lump-sum appropriation to a state-administered retirement system, as defined in KRS 7A.210, that is in excess of the appropriations specifically budgeted to meet the recurring statutorily required contributions or recurring actuarially determined contributions for a state-administered retirement system under KRS 21.525, 61.565, 61.702, 78.635, 78.5536, or 161.550, as applicable; and

d. Any appropriation from the budget reserve trust fund account established in KRS 48.705 that is:

i. Solely supported by moneys from the budget reserve trust fund account; and

ii. Specifically identified in the appropriation language as not being a GF appropriation for the purposes of this section;

3. "GF moneys" means receipts deposited in the general fund defined in KRS 48.010, excluding tobacco moneys deposited in the fund established in KRS 248.654;

4. "IIT equivalent" means the amount of reduction in GF moneys resulting from a one (1) percentage point reduction to the individual income tax rate and shall be calculated by dividing the actual individual income tax receipts for the fiscal year under consideration by:

a. The sum of:

i. The individual income tax rate, expressed as a percentage, for the first six (6) months of the fiscal year; and

ii. The individual income tax rate, expressed as a percentage, for the second six (6) months of the fiscal year; and

b. Dividing the sum determined in subdivision a. of this subparagraph by two (2);

5. "Reduction conditions" means:

a. The balance in the BRTF at the end of a fiscal year shall be equal to or greater than ten percent (10%) of the GF moneys for that fiscal year; and

b. GF moneys at the end of a fiscal year shall be equal to or greater than GF appropriations for that fiscal year plus the IIT equivalent for that fiscal year; and

6. "Tax rate reduction" means the current tax rate minus five-tenths of one percent (0.5%).

(b) For taxable years beginning on or after January 1, 2023, but prior to January 1, 2024, the tax shall be four and one-half percent (4.5%) of net income.

(c) For taxable years beginning on or after January 1, 2024, ***but before January 1, 2026,*** the tax shall be four percent (4%) of net income.

(d) ***For taxable years beginning on or after January 1, 2026, the tax shall be three and one-half percent (3.5%) of net income.***

(e) 1. For taxable years beginning on or after January 1, ***2027***~~[2025]~~, the income tax rate may be reduced according to the annual process established in subparagraphs 2. to 5. of this paragraph.

2. The Office of State Budget Director shall review the reduction conditions for the fiscal year ***2024-2025***~~[2022-2023]~~ no later than September 1, ***2025***~~[2023]~~.

3. After reviewing the reduction conditions under subparagraph 2. of this paragraph, the Office of State Budget Director shall, no later than September 5, ***2025***~~[2023]~~, report to the Interim Joint Committee on Appropriations and Revenue:

a. Whether the reduction conditions for the fiscal year ***2024-2025***~~[2022-2023]~~ have been met; and

b. The amounts associated with each item within the reduction conditions used for making that determination.

4. a. If the reduction conditions have been met for fiscal year ***2024-2025***~~[2022-2023]~~, the General Assembly may take action to reduce the rate in paragraph ***(d)***~~[(c)]~~ of this subsection for the taxable year beginning January 1, ***2027***~~[2025]~~.

b. If the reduction conditions have not been met for fiscal year ***2024-2025***~~[2022-2023]~~ or the General Assembly does not take action to reduce the rate in paragraph ***(d)***~~[(c)]~~ of this subsection, the department shall maintain the rate in paragraph ***(d)***~~[(c)]~~ of this subsection for the taxable year beginning January 1, ***2027***~~[2025]~~.

5. a. The Office of State Budget Director shall implement an annual process to review and report future reduction conditions at the same time and in the same manner for each fiscal year subsequent to the fiscal year ***2024-2025***~~[2022-2023]~~ and each taxable year subsequent to the taxable year beginning January 1, ***2027***~~[2025]~~.

b. The department shall not implement an income tax rate reduction without an action by the General Assembly.

c. The annual process shall continue until the income tax rate is zero.

(f)~~[(e)]~~ For taxable years beginning on or after January 1, 2018, but before January 1, 2023, the tax shall be five percent (5%) of net income.

(g)~~[(f)]~~ For taxable years beginning after December 31, 2004, and before January 1, 2018, the tax shall be determined by applying the following rates to net income:

1. Two percent (2%) of the amount of net income up to three thousand dollars ($3,000);

2. Three percent (3%) of the amount of net income over three thousand dollars ($3,000) and up to four thousand dollars ($4,000);

3. Four percent (4%) of the amount of net income over four thousand dollars ($4,000) and up to five thousand dollars ($5,000);

4. Five percent (5%) of the amount of net income over five thousand dollars ($5,000) and up to eight thousand dollars ($8,000);

5. Five and eight-tenths percent (5.8%) of the amount of net income over eight thousand dollars ($8,000) and up to seventy-five thousand dollars ($75,000); and

6. Six percent (6%) of the amount of net income over seventy-five thousand dollars ($75,000).

(3) (a) The following tax credits, when applicable, shall be deducted from the result obtained under subsection (2) of this section to arrive at the annual tax:

1. a. For taxable years beginning before January 1, 2014, twenty dollars ($20) for an unmarried individual; and

   b. For taxable years beginning on or after January 1, 2014, and before January 1, 2018, ten dollars ($10) for an unmarried individual;

2. a. For taxable years beginning before January 1, 2014, twenty dollars ($20) for a married individual filing a separate return and an additional twenty dollars ($20) for the spouse of taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, had no Kentucky gross income and is not the dependent of another taxpayer; or forty dollars ($40) for married persons filing a joint return, provided neither spouse is the dependent of another taxpayer. The determination of marital status for the purpose of this section shall be made in the manner prescribed in Section 153 of the Internal Revenue Code; and

   b. For taxable years beginning on or after January 1, 2014, and before January 1, 2018, ten dollars ($10) for a married individual filing a separate return and an additional ten dollars ($10) for the spouse of a taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, had no Kentucky gross income and is not the dependent of another taxpayer; or twenty dollars ($20) for married persons filing a joint return, provided neither spouse is the dependent of another taxpayer. The determination of marital status for the purpose of this section shall be made in the manner prescribed in Section 153 of the Internal Revenue Code;

3. a. For taxable years beginning before January 1, 2014, twenty dollars ($20) credit for each dependent. No credit shall be allowed for any dependent who has made a joint return with his or her spouse; and

   b. For taxable years beginning on or after January 1, 2014, and before January 1, 2018, ten dollars ($10) credit for each dependent. No credit shall be allowed for any dependent who has made a joint return with his or her spouse;

4. An additional forty dollars ($40) credit if the taxpayer has attained the age of sixty-five (65) before the close of the taxable year;

5. An additional forty dollars ($40) credit for taxpayer's spouse if a separate return is made by the taxpayer and if the taxpayer's spouse has attained the age of sixty-five (65) before the close of the taxable year, and, for the calendar year in which the taxable year of the taxpayer begins, has no Kentucky gross income and is not the dependent of another taxpayer;

6. An additional forty dollars ($40) credit if the taxpayer is blind at the close of the taxable year;

7. An additional forty dollars ($40) credit for taxpayer's spouse if a separate return is made by the taxpayer and if the taxpayer's spouse is blind, and, for the calendar year in which the taxable year of the taxpayer begins, has no Kentucky gross income and is not the dependent of another taxpayer; and

8. An additional twenty dollars ($20) credit shall be allowed if the taxpayer is a member of the Kentucky National Guard at the close of the taxable year.

(b) In the case of nonresidents, the tax credits allowable under this subsection shall be the portion of the credits that are represented by the ratio of the taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to the taxpayer's adjusted gross income as defined in Section 62 of the Internal Revenue Code. However, in the case of a married nonresident taxpayer with income from Kentucky sources, whose spouse has no income from Kentucky sources, the taxpayer shall determine allowable tax credit(s) by either:

1. The method contained above applied to the taxpayer's tax credit(s), excluding credits for a spouse and dependents; or

2. Prorating the taxpayer's tax credit(s) plus the tax credits for the taxpayer's spouse and dependents by the ratio of the taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to the total joint federal adjusted gross income of the taxpayer and the taxpayer's spouse.

(c) In the case of a part-year resident, the tax credits allowable under this subsection shall be the portion of the credits represented by the ratio of the taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to the taxpayer's adjusted gross income as defined in Section 62 of the Internal Revenue Code.

(4) An annual tax shall be paid for each taxable year as specified in this section upon the entire net income except as herein provided, from all tangible property located in this state, from all intangible property that has acquired a business situs in this state, and from business, trade, profession, occupation, or other activities carried on in this state, by natural persons not residents of this state. A nonresident individual shall be taxable only upon the amount of income received by the individual from labor performed, business done, or from other activities in this state, from tangible property located in this state, and from intangible property which has acquired a business situs in this state; provided, however, that the situs of intangible personal property shall be at the residence of the real or beneficial owner and not at the residence of a trustee having custody or possession thereof. For taxable years beginning on or after January 1, 2021, but before January 1, 2027, the tax imposed by this section shall not apply to a disaster response employee or to a disaster response business. The remainder of the income received by such nonresident shall be deemed nontaxable by this state.

(5) Subject to the provisions of KRS 141.081, any individual may elect to pay the annual tax imposed by KRS 141.023 in lieu of the tax levied under this section.

(6) A part-year resident is subject to taxation, as prescribed in subsection (1) of this section, during that portion of the taxable year that the individual is a resident and, as prescribed in subsection (4) of this section, during that portion of the taxable year when the individual is a nonresident.

Signed by Governor February 6, 2025.

CHAPTER 2

(SB 23)

AN ACT relating to administrative regulations and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 13A.010 is amended to read as follows:

As used in this chapter, unless the context otherwise requires:

(1) "Administrative body" means each state board, bureau, cabinet, commission, department, authority, officer, or other entity, except the General Assembly and the Court of Justice, authorized by law to promulgate administrative regulations;

(2) "Administrative regulation" means each statement of general applicability promulgated by an administrative body that implements, interprets, or prescribes law or policy, or describes the organization, procedure, or practice requirements of any administrative body. The term includes an existing administrative regulation, a new administrative regulation, an emergency administrative regulation, an administrative regulation in contemplation of a statute, and the amendment or repeal of an existing administrative regulation, but does not include:

(a) Statements concerning only the internal management of an administrative body and not affecting private rights or procedures available to the public;

(b) Declaratory rulings;

(c) Intradepartmental memoranda not in conflict with KRS 13A.130;

(d) Statements relating to acquisition of property for highway purposes and statements relating to the construction or maintenance of highways; or

(e) Rules, regulations, and policies of the governing boards of institutions that make up the postsecondary education system defined in KRS 164.001 pertaining to students attending or applicants to the institutions, to faculty and staff of the respective institutions, or to the control and maintenance of land and buildings occupied by the respective institutions;

(3) "Adopted" means that an administrative regulation has become effective in accordance with the provisions of this chapter;

(4) "Authorizing signature" means the signature of the head of the administrative body authorized by statute to promulgate administrative regulations;

(5) "Commission" means the Legislative Research Commission;

(6) "Effective" means an administrative regulation that has completed the legislative committee review established by KRS 13A.290, 13A.330, and 13A.331;

(7) "Federal mandate" means any federal constitutional, legislative, or executive law or order that requires or permits any administrative body to engage in regulatory activities that impose compliance standards, reporting requirements, recordkeeping, or similar responsibilities upon entities in the Commonwealth;

(8) "Federal mandate comparison" means a written statement containing the information required by KRS 13A.245;

(9) "Filed" or "promulgated" means that an administrative regulation, or other document required to be filed by this chapter, has been submitted to the Commission in accordance with this chapter;

(10) ***"Full review" means that a filed administrative regulation is on an agenda for:***

(a) The subcommittee as the last step required by this chapter prior to assignment in accordance with subsection (6) of Section 5 of this Act;

(b) A legislative committee as the last step required by this chapter for an ordinary administrative regulation before becoming effective upon adjournment in accordance with KRS 13A.331(1) and (2); or

(c) A legislative committee as an emergency administrative regulation being reviewed after assignment in accordance with subsections (6) and (7) of Section 5 of this Act;

(11) "Last effective date" means the latter of:

(a) The most recent date an ordinary administrative regulation became effective, without including the date a technical amendment was made pursuant to KRS 13A.040(10), 13A.2255(2), or 13A.312; or

(b) The date a certification letter was filed with the regulations compiler for that administrative regulation pursuant to KRS 13A.3104(4), if the letter stated that the administrative regulation shall remain in effect without amendment;

(12) ~~[(11)]~~ "Legislative committee" means an interim joint committee, a House or Senate standing committee, a statutory committee, or a subcommittee of the Legislative Research Commission;

(13) ~~[(12)]~~ "Local government" means and includes a city, county, urban-county, charter county, consolidated local government, special district, or a quasi-governmental body authorized by the Kentucky Revised Statutes or a local ordinance;

(14) ~~[(13)]~~ "Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars ($500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies;

(15) ~~[(14)]~~ "Proposed administrative regulation" means an administrative regulation that:

(a) Has been filed by an administrative body; and

(b) Has not become effective or been withdrawn;

(16) ~~[(15)]~~ "Regulatory impact analysis" means a written statement containing the provisions required by KRS 13A.240;

(17) ~~[(16)]~~ "Small business" means a business entity, including its affiliates, that:

(a) Is independently owned and operated; and

(b) 1. Employs fewer than one hundred fifty (150) full-time employees or their equivalent; or

2. Has gross annual sales of less than six million dollars ($6,000,000);

(18) ~~[(17)]~~ "Statement of consideration" means the document required by KRS 13A.280 in which the administrative body summarizes the comments received, its responses to those comments, and the action taken, if any, as a result of those comments and responses;

(19) ~~[(18)]~~ "Subcommittee" means the Administrative Regulation Review Subcommittee of the Legislative Research Commission;

(20) ~~[(19)]~~ "Tiering" means the tailoring of regulatory requirements to fit the particular circumstances surrounding regulated entities; and

(21) ~~[(20)]~~ "Written comments" means comments submitted to the administrative body's contact person identified pursuant to KRS 13A.220(6)(d) via hand delivery, United States mail, ***email*** ~~[e-mail]~~, or facsimile and may include but is not limited to comments submitted internally from within the promulgating administrative body or from another administrative body.

➔Section 2. KRS 13A.030 is amended to read as follows:

(1) The Administrative Regulation Review Subcommittee shall:

(a) Conduct a continuous study as to whether additional legislation or changes in legislation are needed based on various factors, including~~[,]~~ but not limited to, review of new, emergency, and existing administrative regulations, the lack of administrative regulations, and the needs of administrative bodies;

(b) Except as provided by KRS 158.6471 and 158.6472, review and comment upon effective administrative regulations pursuant to subsections (2), (3), and (4) of this section or administrative regulations filed with the Commission;

(c) Make recommendations for changes in statutes, new statutes, repeal of statutes affecting administrative regulations or the ability of administrative bodies to promulgate them; and

(d) Conduct such other studies relating to administrative regulations as may be assigned by the Commission.

(2) The subcommittee may make a determination:

(a) That an effective administrative regulation or an administrative regulation filed with the Commission is deficient because it:

1. Is wrongfully promulgated;

2. Appears to be in conflict with an existing statute;

3. Appears to have no statutory authority for its promulgation;

4. Appears to impose stricter or more burdensome state requirements than required by the federal mandate, without reasonable justification;

5. Fails to use tiering when tiering is applicable;

6. Is in excess of the administrative body's authority;

7. Appears to impose an unreasonable burden on government or small business, or both;

8. Is filed as an emergency administrative regulation without adequate justification of the emergency nature of the situation as described in KRS 13A.190(1);

9. Has not been noticed in conformance with the requirements of KRS 13A.270(3);

10. Does not provide an adequate cost analysis pursuant to KRS 13A.250;~~[or]~~

11. ***Was the subject of the subcommittee's instruction to an administrative body to appear under subsection (4) of this section and the administrative body failed to:***

a. Appear;

b. Make a good-faith effort to answer subcommittee questions; or

c. Provide any information or data required by the subcommittee; or

12. Appears to be deficient in any other manner;

(b) That an administrative regulation is needed to implement an existing statute; or

(c) That an administrative regulation should be amended or repealed.

(3) The subcommittee may ***conduct an informational*** review ***of*** an effective administrative regulation ***or an administrative regulation filed with the Commission*** if requested by a member of the subcommittee.

(4) ***(a)*** The subcommittee may require any administrative body to ***appear before it to answer questions or*** submit data and information as required by the subcommittee in the performance of its duties under this chapter, and no administrative body shall fail to***:***

1. Appear before the subcommittee;

2. Make a good-faith effort to answer subcommittee questions;

3. Provide ***any***~~[the]~~ information or data required ***by the subcommittee; or***

4. Perform any combination of subparagraphs 1., 2., and 3. of this paragraph required by the subcommittee.

(b) Either co-chair of the subcommittee may require action by an administrative body under paragraph (a) of this subsection on behalf of the subcommittee.

(5) At least five (5) calendar days before an informational review of an ordinary administrative regulation, the subcommittee shall notify the affected administrative body.

➔Section 3. KRS 13A.270 is amended to read as follows:

(1) (a) In addition to the public comment period required by paragraph (c) of this subsection, following publication in the Administrative Register of the text of an administrative regulation, the administrative body shall, unless authorized to cancel the hearing pursuant to subsection (7) of this section, hold a hearing, open to the public, on the administrative regulation.

(b) The public hearing for an:

1. Ordinary administrative regulation shall not be held before the twenty-first day or after the last workday of the month following the month in which the administrative regulation is published in the Administrative Register; or

2. Emergency administrative regulation shall not be held before the twenty-first day or after the last workday of the month in which the administrative regulation is published in the Administrative Register.

Nothing in this paragraph shall preclude the administrative body from holding additional public hearings in addition to the hearing mandated in subparagraph 1. or 2. of this paragraph.

(c) The administrative body shall accept written comments regarding the administrative regulation during the comment period. The comment period shall begin on the date the administrative regulation is filed with the regulations compiler and:

1. For an ordinary administrative regulation, shall run until 11:59 p.m. on the last day of the calendar month following the month in which the administrative regulation was published in the Administrative Register; or

2. For an emergency administrative regulation, shall run until 11:59 p.m. on the last day of the calendar month in which the administrative regulation is published in the Administrative Register.

(2) Each administrative regulation shall state:

(a) The place, time, and date of the scheduled public hearing;

(b) The manner in which interested persons shall submit their:

1. Notification of attending the public hearing; and

2. Written comments;

(c) That notification of attending the public hearing shall be transmitted to the administrative body no later than five (5) workdays prior to the date of the scheduled public hearing;

(d) The deadline for submitting written comments regarding the administrative regulation in accordance with subsection (1)(c) of this section; and

(e) The name, position, mailing address, ***email***~~[e-mail]~~ address, and telephone and facsimile numbers of the person to whom a notification and written comments shall be transmitted.

(3) (a) A person who wishes to be notified that an administrative body has filed an administrative regulation shall:

1. Contact the administrative body by telephone or written letter to request that the administrative body send the information required by paragraph (c) or (d) of this subsection to the person; or

2. Complete an electronic registration form located on a centralized state government ***website***~~[Web site]~~ developed and maintained by the Commonwealth Office of Technology.

(b) A registration submitted pursuant to paragraph (a) of this subsection shall:

1. Indicate whether the person wishes to receive notification regarding:

a. All administrative regulations promulgated by an administrative body; or

b. Each administrative regulation that relates to a specified subject area. The subject areas shall be provided by the administrative bodies and shall be listed on the centralized state government ***website***~~[Web site]~~ in alphabetical order;

2. Include a request for the person to provide an ***email***~~[e-mail]~~ address in order to receive regulatory information electronically;

3. Be valid for a period of four (4) years from the date the registration is submitted, or until the person submits a written request to be removed from the notification list, whichever occurs first; and

4. Be transmitted to the promulgating administrative body, if the registration was made through the centralized state government ***website***~~[Web site]~~. The collected ***email***~~[e-mail]~~ addresses shall be used solely for the purposes of this subsection and shall not be sold, transferred, or otherwise made available to third parties, other than the promulgating administrative body.

(c) A copy of the administrative regulation as filed, and all attachments required by KRS 13A.230(1), shall be ***emailed***~~[e-mailed]~~:

1. To every person who has:

a. Registered pursuant to paragraph (a) of this subsection; and

b. Provided an ***email***~~[e-mail]~~ address as part of the registration request;

2. Within five (5) working days after the date the administrative regulation is filed with the Commission; and

3. With a request from the administrative body that affected individuals, businesses, or other entities submit written comments that identify the anticipated effects of the proposed administrative regulation.

(d) Within five (5) working days after the date the administrative regulation is filed with the Commission, the administrative body shall mail the following information to every person who has registered pursuant to paragraph (a) of this subsection but did not provide an ***email***~~[e-mail]~~ address:

1. A cover letter from the administrative body requesting that affected individuals, businesses, or other entities submit written comments that identify the anticipated effects of the proposed administrative regulation;

2. A copy of the regulatory impact analysis required by KRS 13A.240 completed in detail sufficient to put the individual on notice as to the specific contents of the administrative regulation, including all proposed amendments to the administrative regulation; and

3. A statement that a copy of the administrative regulation may be obtained from the Commission's ***website***~~[Web site]~~, which can be accessed on-line through public libraries or any computer with internet access. The Commission's ***website***~~[Web site]~~ address shall be included in the statement.

(e) An administrative body shall not be required to send a copy of an administrative regulation that was amended after comments in accordance with KRS 13A.280 to persons who have registered pursuant to paragraph (a) of this subsection, unless the person requested a copy pursuant to KRS 13A.280(8).

(4) (a) If small business may be impacted by an administrative regulation, the administrative body shall ***email*** ~~[e-mail]~~ a copy of the administrative regulation as filed, and all attachments required by KRS 13A.230(1), to the chief executive officer of the Commission on Small Business Innovation and Advocacy within one (1) working day after the date the administrative regulation is filed with the Commission.

(b) The ***email*** ~~[e-mail]~~ shall include a request from the administrative body that the Commission on Small Business Innovation and Advocacy review the administrative regulation in accordance with KRS 11.202(1)(e) and submit its report or comments in accordance with the deadline established in subsection (1)(c) of this section. A copy of the report shall be filed with the regulations compiler.

(c) An administrative body shall not be required to send a copy of an administrative regulation that was amended after comments in accordance with KRS 13A.280 to the Commission on Small Business Innovation and Advocacy, unless its chief executive officer requested a copy pursuant to KRS 13A.280(8).

(5) (a) If a local government may be impacted by an administrative regulation, the administrative body shall send, by ***email*** ~~[e-mail]~~ if the local government has an ***email*** ~~[e-mail]~~ address, a copy of the administrative regulation as filed and all attachments required by KRS 13A.230(1) to each local government in the state within one (1) working day after the date the administrative regulation is filed with the Commission. If the local government does not have an ***email*** ~~[e-mail]~~ address, the material shall not be sent.

(b) The ***email*** ~~[e-mail]~~ shall include a request from the administrative body that the local government review the administrative regulation in the same manner as would the Commission on Small Business Innovation and Advocacy under KRS 11.202(1)(e), and submit its report or comments in accordance with the deadline established in subsection (1)(c) of this section. A copy of the report or comments shall be filed with the regulations compiler.

(c) An administrative body shall not be required to send a copy of an administrative regulation that was amended after comments in accordance with KRS 13A.280 to a local government, unless its contact person requested a copy pursuant to KRS 13A.280(8).

(6) Persons desiring to be heard at the hearing shall notify the administrative body in writing as to their desire to appear and testify at the hearing not less than five (5) workdays before the scheduled date of the hearing.

(7) The administrative body shall immediately notify the regulations compiler by letter if:

(a) No written notice of intent to attend the public hearing is received by the administrative body at least five (5) workdays before the scheduled hearing, and it chooses to cancel the public hearing; and

(b) No written comments have been received by the close of the last day of the public comment period.

(8) (a) 1. Upon receipt from interested persons of their intent to attend a public hearing, the administrative body shall notify the regulations compiler by letter that the public hearing shall be held.

2. If the public hearing is held but no comments are received during the hearing, the administrative body shall notify the regulations compiler by letter that the public hearing was held and that no comments were received.

(b) Upon receipt of written comments, the administrative body shall notify the regulations compiler by letter that written comments have been received.

(9) ***(a)*** If the notifications required by subsections (7) and (8) of this section are not received by the regulations compiler by close of business on the second workday of the calendar month following the end of the public comment period, the administrative regulation shall be deferred to the next regularly scheduled meeting of the subcommittee.

(b) A filed administrative regulation that is deferred under this subsection due to failure to timely notify the regulations compiler may still be placed on the subcommittee's agenda for informational review pursuant to subsection (3) or (4) of Section 2 of this Act.

(c) If a filed administrative regulation is placed on the agenda pursuant to paragraph (b) of this subsection, the full review of the filed administrative regulation shall still be deferred in accordance with this subsection.

(10) The notifications required by subsections (7) and (8) of this section shall be made by letter. The letter may be sent by ***email***~~[e-mail]~~ if the administrative body uses an electronic signature and letterhead for the ***emailed***~~[e-mailed]~~ document.

(11) Every hearing shall be conducted in such a manner as to guarantee each person who wishes to offer comment a fair and reasonable opportunity to do so, whether or not such person has given the notice contemplated by subsection (6) of this section. No transcript need be taken of the hearing, unless a written request for a transcript is made, in which case the person requesting the transcript shall have the responsibility of paying for same. A recording may be made in lieu of a transcript under the same terms and conditions as a transcript. This section shall not preclude an administrative body from making a transcript or making a recording if it so desires.

(12) Nothing in this section shall be construed as requiring a separate hearing on each administrative regulation. Administrative regulations may be grouped at the convenience of the administrative body for purposes of hearings required by this section.

➔Section 4. KRS 13A.280 is amended to read as follows:

(1) Following the last day of the comment period, the administrative body shall give consideration to all comments received at the public hearing and all written comments received during the comment period, including:

(a) Any report filed by the Commission on Small Business Innovation and Advocacy in accordance with KRS 11.202(1)(e) and 13A.270(4), or by a local government in accordance with KRS 11.202(1)(e) and 13A.270(5); and

(b) Any comments regarding the administrative regulation's major economic impact, as defined in KRS 13A.010, as submitted by agencies, local governments, or regulated entities.

(2) (a) Except as provided in paragraph (b) of this subsection, the administrative body shall file with the Commission on or before 12 noon, eastern time, on the fifteenth day of the calendar month following the end of the public comment period the statement of consideration relating to the administrative regulation and, if applicable, the amended after comments version.

(b) If the administrative body has received a significant number of public comments:

1. It may extend the time for filing the statement of consideration for an ordinary administrative regulation and, if applicable, the amended after comments version by notifying the regulations compiler in writing on or before 12 noon, eastern time, on the fifteenth day of the calendar month following the end of the public comment period; and

2. The administrative body shall file the statement of consideration for an ordinary administrative regulation and, if applicable, the amended after comments version, with the Commission on or before 12 noon, eastern time, no later than the fifteenth day of the second calendar month following the end of the public comment period.

(3) (a) If the administrative regulation is amended as a result of the hearing or written comments received, the administrative body shall forward the items specified in this paragraph to the regulations compiler by 12 noon, eastern time, on the applicable deadline specified in subsection (2) of this section:

1. The original and five (5) copies of the administrative regulation indicating any amendments resulting from comments received at the public hearing and during the comment period. The amendments shall be indicated in:

a. The original wording for an ordinary administrative regulation; or

b. The wording of an emergency administrative regulation as amended, for an emergency administrative regulation that was amended at a legislative committee meeting pursuant to KRS 13A.190(3);

2. The original and five (5) copies of the statement of consideration as required by subsection (2) of this section, attached to the back of the original and each copy of the administrative regulation; and

3. The regulatory impact analysis, tiering statement, federal mandate comparison, or fiscal note on local government. These documents shall reflect changes resulting from amendments made after the public hearing.

(b) The original and four (4) copies of the amended after comments version, the statement of consideration, and the attachments required by paragraph (a)3. of this subsection shall be stapled in the top left corner. The fifth copy shall not be stapled.

(c) At the same time as, or prior to, filing the paper version, the administrative body shall file an electronic version of the amended after comments version, the statement of consideration, and the required attachments saved as a single document for each amended after comments administrative regulation in an electronic format approved by the regulations compiler.

(4) (a) If the administrative regulation is not amended as a result of the public hearing, or written comments received, the administrative body shall file the original and five (5) copies of the statement of consideration with the regulations compiler by 12 noon, eastern time, on the deadline established in subsection (2) of this section. The original and four (4) copies of the statement of consideration shall be stapled in the top left corner. The fifth copy of each statement of consideration shall not be stapled.

(b) If the statement of consideration covers multiple administrative regulations, as authorized by subsection (6)(g)1. of this section, the administrative body shall file with the regulations compiler:

1. The original and five (5) copies of the statement of consideration as required by paragraph (a) of this subsection; and

2. Two (2) additional unstapled copies of the statement of consideration for each additional administrative regulation included in the group of administrative regulations.

(c) At the same time as, or prior to, filing the paper version, the administrative body shall file an electronic version of the statement of consideration saved as a single document for each statement of consideration in an electronic format approved by the regulations compiler.

(5) ***(a)*** If comments are received either at the public hearing or during the public comment period, the administrative regulation shall be deferred to the next regularly scheduled meeting of the subcommittee following the month in which the statement of consideration is due.

(b) A filed administrative regulation that is deferred under this subsection due to receipt of public comments may still be placed on the subcommittee's agenda for informational review pursuant to subsection (3) or (4) of Section 2 of this Act.

(c) If a filed administrative regulation is placed on the agenda pursuant to paragraph (a) of this subsection, the full review of the filed administrative regulation shall still be deferred in accordance with this subsection.

(6) The format for the statement of consideration shall be as follows:

(a) The statement shall be typewritten on white paper, size eight and one-half (8-1/2) by eleven (11) inches. Copies of the statement may be mechanically reproduced;

(b) The first page of the statement of consideration shall have a two (2) inch top margin;

(c) The heading of the statement shall consist of the words "STATEMENT OF CONSIDERATION RELATING TO" followed by the number of the administrative regulation that was the subject of the public hearing and comment period and the name of the promulgating administrative body. The heading shall be centered. This shall be followed by the words "Not Amended After Comments," "Emergency Not Amended After Comments," "Amended After Comments," or "Emergency Amended After Comments," whichever is applicable;

(d) If a hearing has been held or written comments received, the heading is to be followed by:

1. A statement setting out the date, time and place of the hearing, if the hearing was held;

2. A list of those persons who attended the hearing or who submitted comments and the organization, agency, or other entity represented, if applicable; and

3. The name and title of the representative of the promulgating administrative body;

(e) Following the general information, the promulgating administrative body shall summarize the comments received at the public hearing and during the comment period and the response of the promulgating administrative body. Each subject commented upon shall be summarized in a separate numbered paragraph. Each numbered paragraph shall contain two (2) subsections:

1. Subsection (a) shall be labeled "Comment," shall identify the name of the person, and the organization represented if applicable, who made the comment, and shall contain a summary of the comment; and

2. Subsection (b) shall be labeled "Response" and shall contain the response to the comment by the promulgating administrative body;

(f) Following the summary and comments, the promulgating administrative body shall:

1. Summarize the statement and the action taken by the administrative body as a result of comments received at the public hearing and during the comment period; and

2. If amended after the comment period, list the changes made to the administrative regulation in the format prescribed by KRS 13A.320(2)(c) and (d); and

(g) 1. If administrative regulations were considered as a group at a public hearing, one (1) statement of consideration may include the group of administrative regulations. If a comment relates to one (1) or more of the administrative regulations in the group, the summary of the comment and response shall specify each administrative regulation to which it applies.

2. Emergency administrative regulations shall be in a separate statement of consideration from ordinary administrative regulations.

(7) If the administrative regulation is amended pursuant to subsection (3) of this section, the full text of the administrative regulation shall be published in the Administrative Register. The changes made to the administrative regulation shall be typed in bold and made in the format prescribed by KRS 13A.222(2). The administrative regulation shall be reviewed by the Administrative Regulation Review Subcommittee after such publication.

(8) If requested, copies of the statement of consideration and, if applicable, the amended after comments version of the administrative regulation shall be made available by the promulgating administrative body to persons attending the hearing or submitting comments or who specifically request a copy from the administrative body.

➔Section 5. KRS 13A.290 is amended to read as follows:

(1) (a) Except as provided by KRS 158.6471 and 158.6472, the Administrative Regulation Review Subcommittee shall meet monthly to review administrative regulations prior to close of business on the fifteenth day of the calendar month.

(b) The agenda shall:

1. Include each administrative regulation that completed the public comment process;

2. Include each administrative regulation for which a statement of consideration was received on or before 12 noon, eastern time, on the fifteenth day of the prior calendar month;

3. Include each effective administrative regulation ***or administrative regulation filed with the Commission*** that the subcommittee has decided to review ***pursuant to subsection (3) of Section 2 of this Act***;

4. ***Include each administrative regulation required to be on the agenda pursuant to subsection (4) of Section 2 of this Act;***

5. Include each administrative regulation that was deferred from the prior month's meeting of the subcommittee; and

6.~~[5.]~~ Not include an administrative regulation that is deferred, withdrawn, expired, or automatically taken off the agenda under the provisions of this chapter***, unless it is being reviewed pursuant to subsection (3) or (4) of Section 2 of this Act***.

(c) Review of an administrative regulation shall include the entire administrative regulation and all attachments filed with the administrative regulation. The review of amendments to existing

administrative regulations shall not be limited to only the changes proposed by the promulgating administrative body.

(2) The meetings shall be open to the public.

(3) Public notice of the time, date, and place of the Administrative Regulation Review Subcommittee meeting shall be given in the Administrative Register.

(4) (a) A representative of the administrative body for an administrative regulation ***on the agenda***~~[under consideration]~~ shall be present to explain the administrative regulation and to answer questions thereon.

(b) If a representative of ***an***~~[the]~~ administrative body with authority to amend***, defer, and answer questions about*** a filed administrative regulation ***that is on the agenda for full review fails to appear before***~~[is not present at the subcommittee meeting, the administrative regulation shall be deferred to the next regularly scheduled meeting of]~~ the subcommittee***, the subcommittee may:***

1. Defer the administrative regulation to the next regularly scheduled meeting of the subcommittee; and

2. Make a determination pursuant to subsections (2), (3), and (4) of Section 2 of this Act or KRS 13A.190(3).

(c) If a representative of an administrative body ***with authority to defer and answer questions about an***~~[for an effective]~~ administrative regulation ***that was placed on the agenda for informational review pursuant to subsection (3) or (4) of Section 2 of this Act*** fails to appear before the subcommittee, the subcommittee may:

1. Defer the ***informational review of the*** administrative regulation to the next regularly scheduled meeting of the subcommittee; ***and***~~[or]~~

2. Make a determination pursuant to KRS 13A.030(2), (3), and (4), or KRS 13A.190(3).

(5) Following the meeting and before the next regularly scheduled meeting of the Commission, the Administrative Regulation Review Subcommittee shall forward to the Commission its findings, recommendations, or other comments it deems appropriate in writing.~~[The Administrative Regulation Review Subcommittee shall also forward to the Commission its findings, recommendations, or other comments it deems appropriate on an effective administrative regulation it has reviewed.]~~ The Administrative Regulation Review Subcommittee's findings shall be published in the Administrative Register.

(6) (a) After review by the Administrative Regulation Review Subcommittee, the Commission shall, on the first Wednesday of the following month, or if the first Wednesday is a legal holiday, the next workday of the month***:***~~[,]~~

1. Assign a filed administrative regulation to a legislative committee with subject matter jurisdiction ***if the administrative regulation was on the agenda for full review pursuant to subsection (1)(b)1., 2., or 5. of this section; and***

2. Not assign a filed administrative regulation to a legislative committee with subject matter jurisdiction if the administrative regulation was solely on the agenda for informational review pursuant to subsection (3) or (4) of Section 2 of this Act.

(b) Upon notification of the assignment by the Commission, the legislative committee to which the administrative regulation is assigned shall notify the regulations compiler:

1. Of the date, time, and place of the meeting at which it will consider the administrative regulation; or

2. That it will not meet to consider the administrative regulation.

(7) (a) Within ninety (90) days of the assignment, the legislative committee may hold a public meeting during which the administrative regulation shall be reviewed.

(b) If the ninetieth day of the assignment falls on a Saturday, Sunday, or holiday, the deadline for review shall be the workday following the Saturday, Sunday, or holiday.

(c) 1. If the administrative regulation is assigned to an interim joint committee and a session of the General Assembly begins during the review period, the assignment shall transfer to the Senate and House standing committees with subject matter jurisdiction.

2. If the administrative regulation is assigned to Senate and House standing committees and a session of the General Assembly adjourns sine die during the review period, the assignment shall transfer to the interim joint committee with subject matter jurisdiction.

3. An administrative regulation may be transferred more than one (1) time under this paragraph. A transfer shall not extend the review period established by this subsection.

(d) Notice of the time, date, and place of the meeting shall be placed in the legislative calendar.

(8) Except as provided in subsection (9) of this section, a legislative committee shall be empowered to make the same determinations and to exercise the same authority as the Administrative Regulation Review Subcommittee***, including all powers and restrictions relating to informational reviews conducted under subsection (3) or (4) of Section 2 of this Act***.

(9) (a) This subsection shall apply to administrative regulations filed with the Commission ***and reviewed pursuant to subsection (7) of this section***.

(b) A majority of the entire membership of the legislative committee shall constitute a quorum for purposes of reviewing administrative regulations.

(c) In order to amend an administrative regulation pursuant to KRS 13A.320, defer an administrative regulation pursuant to KRS 13A.300, or find an administrative regulation deficient pursuant to KRS 13A.030(2), (3), or (4) or 13A.190(3), the motion to amend, defer, or find deficient shall be approved by a majority of the entire membership of the legislative committee. Additionally, during a session of the General Assembly, standing committees of the Senate and House of Representatives shall agree in order to amend an administrative regulation, defer an administrative regulation, or find an administrative regulation deficient by:

1. Meeting separately; or

2. Meeting jointly. If the standing committees meet jointly, it shall require a majority vote of Senate members voting and a majority of House members voting, as well as the majority vote of the entire membership of the standing committees meeting jointly, in order to take action on the administrative regulation.

(10) (a) The quorum requirements of subsection (9)(b) of this section shall apply to an effective ***or filed*** administrative regulation ***that is*** under ***informational*** review by a legislative committee ***pursuant to subsection (3) or (4) of Section 2 of this Act and subsection (8) of this section***.

(b) A motion to ***defer the informational review of an*** ~~[find an effective]~~ administrative regulation ***or find the administrative regulation*** deficient shall be approved by:

1. A majority of the entire membership of the Administrative Regulation Review Subcommittee; or

2. A legislative committee in accordance with subsection (9)(c) of this section.

(11) (a) Upon adjournment of the meeting at which a legislative committee has considered an administrative regulation pursuant to subsection (7) or (10) of this section, the legislative committee shall inform the regulations compiler of its findings, recommendations, or other action taken on the administrative regulation.

(b) Following the meeting and before the next regularly scheduled meeting of the Commission, the legislative committee shall forward to the Commission its findings, recommendations, or other comments it deems appropriate in writing. The legislative committee's findings shall be published in the Administrative Register.

➔Section 6. KRS 13A.300 is amended to read as follows:

(1) The administrative body that promulgated an administrative regulation may request that consideration of the administrative regulation be deferred by a legislative committee.

(2) The deferral of an administrative regulation scheduled for ***full*** review by the Administrative Regulation Review Subcommittee ***pursuant to subsection (1)(b)1., 2., or 5. of Section 5 of this Act*** shall be governed by KRS 13A.020(4) and the following:

(a) A request for deferral of an ordinary administrative regulation filed with the Commission shall be automatically granted if:

1. The administrative body submits a written letter to the regulations compiler; and

2. The letter is received ***by 12 noon, eastern time, at least five (5) calendar days*** prior to the subcommittee meeting;

(b) A request for deferral of an~~[effective administrative regulation or an]~~ emergency administrative regulation may be granted if:

1. The administrative body submits a written letter to the regulations compiler;

2. The letter is received prior to the subcommittee meeting; and

3. Approved by the co-chairs of the Administrative Regulation Review Subcommittee;

(c) A request for deferral may be granted at the discretion of the subcommittee if the request is made by the administrative body orally at a meeting of the subcommittee;

(d) The subcommittee may request that consideration of an administrative regulation be deferred by the promulgating administrative body. Upon receipt of the request, the promulgating administrative body may agree to defer consideration of the administrative regulation;

(e) Except as provided in paragraph ***(g)***~~[(f)]~~ of this subsection, an administrative regulation that has been deferred ***for full review*** shall be placed on the agenda of the next scheduled meeting of the subcommittee. ~~[If it is an administrative regulation filed with the Commission,]~~The subcommittee shall consider the administrative regulation as if it had met all other requirements of filing. Repromulgation shall not be required in those cases;~~[and]~~

(f) ***1. A filed administrative regulation deferred under this subsection may still be placed on the agenda pursuant to subsection (3) or (4) of Section 2 of this Act for informational review.***

2. If a filed administrative regulation is placed on the agenda pursuant to subparagraph 1. of this paragraph, the full review of the filed administrative regulation shall still be deferred in accordance with this subsection; and

(g) An administrative regulation shall not be deferred under this subsection more than twelve (12) times.

(3)~~[(a)]~~ The deferral of ***an informational review for an***~~[a filed ordinary]~~ administrative regulation ***scheduled by the Administrative Regulation Review Subcommittee pursuant to subsection (1)(b)3. or 4. of Section 5 of this Act***~~[referred to a second legislative committee or committees pursuant to KRS 13A.290(6) and (7)]~~ shall be governed by ***KRS 13A.020(4) and the following:***~~[this subsection and the voting requirements of KRS 13A.290(9).]~~

(a)~~[(b)1.]~~ A request ***to defer an informational review for an administrative regulation that was placed on the subcommittee's agenda may be***~~[for deferral shall be automatically]~~ granted if:

1.~~[a.]~~ The administrative body submits a written letter to the regulations compiler;~~[and]~~

2.~~[b.]~~ The letter is received prior to the ***subcommittee***~~[legislative committee]~~ meeting***; and***

3. Approved by the co-chairs of the Administrative Regulation Review Subcommittee;

(b)~~[2.]~~ A request for deferral may be granted at the discretion of the ***subcommittee***~~[second legislative committee]~~ if the request is made by the administrative body orally at a meeting of the ***subcommittee***~~[legislative committee]~~; and

~~[3. The legislative committee may request that consideration of an administrative regulation be deferred by the promulgating administrative body. Upon receipt of the request, the promulgating administrative body may agree to defer consideration of the administrative regulation.]~~

(c)~~[1.]~~ An ***informational review for an*** administrative regulation that is deferred may be placed on ***the***~~[a subsequent]~~ agenda of the ***next scheduled meeting of the subcommittee***~~[legislative committee or committees within the review period.~~

~~2. If a filed ordinary administrative regulation that has been deferred is not placed on a subsequent agenda within the review period, the administrative regulation shall take effect at the expiration of the review period]~~.

(4) (a) The deferral of ***a filed ordinary or emergency***~~[an effective]~~ administrative regulation ***assigned to a second***~~[or an emergency administrative regulation under review by a]~~ legislative committee ***or***

committees for full review pursuant to subsections (6) and (7) of Section 5 of this Act shall be governed by this subsection and the voting requirements of KRS 13A.290(9).

(b) A request for deferral may be granted if:

1. The administrative body submits a written letter to the regulations compiler;

2. The letter is received***:***

a. Prior to the legislative committee meeting ***for an emergency administrative regulation; or***

b. By 12 noon, eastern time, at least five (5) calendar days prior to the legislative committee meeting for an ordinary administrative regulation; and

3. Approved by the presiding chair or chairs.

(c) A request for deferral may be granted at the discretion of the ***second*** legislative committee if the request is made by the administrative body orally at a meeting of the legislative committee.

(d) ***1. At a meeting of a legislative committee,*** the legislative committee may request that consideration of an administrative regulation be deferred by the administrative body. Upon receipt of the request, the administrative body may agree to defer consideration of the administrative regulation.

2.~~[(e)]~~ An administrative regulation that is deferred ***for full review*** may be placed on a subsequent agenda of the legislative committee ***or committees within the review period.***

3. If a filed ordinary administrative regulation that has been deferred for full review is not placed on a subsequent agenda within the review period, the administrative regulation shall take effect at the expiration of the review period.

(e) 1. A filed administrative regulation deferred under this subsection may still be placed on the agenda for informational review pursuant to subsection (3) or (4) of Section 2 of this Act and subsection (8) of Section 5 of this Act; and

2. If a filed administrative regulation is placed on the agenda pursuant to subparagraph 1. of this paragraph, the full review of the filed administrative regulation may be scheduled by the legislative committee at a subsequent meeting during the ninety (90) day review period.

(5) ***The deferral of an informational review for an administrative regulation scheduled by a legislative committee pursuant to subsection (3) or (4) of Section 2 of this Act and subsection (8) of Section 5 of this Act shall be governed by this subsection and the voting requirements of subsection (9) of Section 5 of this Act.***

(a) A request to defer an informational review for an administrative regulation that was placed on the legislative committee's agenda may be granted if:

1. The administrative body submits a written letter to the regulations compiler;

2. The letter is received prior to the legislative committee meeting; and

3. Approved by the presiding chair or chairs.

(b) A request for deferral of an informational review for an administrative regulation may be granted at the discretion of the legislative committee if the request is made by the administrative body orally at a meeting of the legislative committee.

(c) An informational review for an administrative regulation that is deferred may be placed on a subsequent agenda of the legislative committee.

(6) Except as provided by KRS 13A.290(4), if a representative of an administrative body ***with authority to amend, defer, and answer questions about a filed***~~[whose]~~ administrative regulation ***that is on the agenda***~~[is scheduled]~~ for ***full*** review fails to appear before a legislative committee, the legislative committee in conformance with KRS 13A.290(9) may:

(a) Defer the administrative regulation to ***a subsequent***~~[the next regularly scheduled]~~ meeting of the legislative committee; ***and***~~[or]~~

(b) Make a determination pursuant to KRS 13A.030(2)***, (3), and (4)*** or 13A.190(3).

(7) If a representative of an administrative body with authority to defer and answer questions about an administrative regulation that was placed on the agenda for informational review pursuant to subsection (3) or (4) of Section 2 of this Act and subsection (8) of Section 5 of this Act fails to appear before the legislative committee, the legislative committee in conformance with subsection (9) of Section 5 of this Act may:

(a) Defer the informational review for the administrative regulation to a subsequent meeting of the legislative committee; and

(b) Make a determination pursuant to subsection (2), (3), and (4) of Section 2 of this Act or KRS 13A.190(3).

➔Section 7. KRS 13A.335 is amended to read as follows:

(1) (a) A filed administrative regulation found deficient by a legislative committee shall not be considered deficient if:

1. A subsequent amendment of that administrative regulation is filed with the Commission by the administrative body;

2. The legislative committee that found the administrative regulation deficient approves a motion that the subsequent amendment corrects the deficiency; and

3. ***The administrative regulation is not found deficient by*** any ***other*** legislative committee that reviews the administrative regulation under the provisions of KRS Chapter 13A~~[finds that the administrative regulation is not deficient]~~.

(b) A filed administrative regulation found deficient by the Administrative Regulation Review Subcommittee shall not be considered deficient if:

1. The administrative regulation is amended to correct the deficiency at a meeting of the legislative committee to which it was assigned by the Commission;

2. That legislative committee does not determine that the administrative regulation is deficient for any other reason; and

3. The Administrative Regulation Review Subcommittee approves a motion that the deficiency has been corrected and that the administrative regulation should not be considered deficient.

(c) A filed administrative regulation found deficient by a legislative committee~~[with subject matter jurisdiction]~~ shall not be considered deficient if the legislative committee:

1. Reconsiders the administrative regulation and its finding of deficiency; and

2. Approves a motion that the administrative regulation is not deficient.

(d) If an amendment to an effective administrative regulation is going through the KRS Chapter 13A promulgation process and is found deficient by a legislative committee, the administrative regulation shall not be considered deficient if the:

1. Administrative regulation was found deficient due to the amendment;

2. Promulgating administrative body has withdrawn the proposed amendment of the existing administrative regulation; and

3. Regulations compiler has not received the Governor's determination pursuant to KRS 13A.330.

(2) If an effective administrative regulation is found deficient by a legislative committee, the administrative regulation shall not be considered deficient if the legislative committee:

(a) Reconsiders the administrative regulation and its finding of deficiency; and

(b) Approves a motion that the administrative regulation is not deficient.

(3) (a) If an administrative regulation has been found deficient by a legislative committee, the regulations compiler shall add the following notice to the administrative regulation: "This administrative regulation was found deficient by the [name of legislative committee] on [date]." This notice shall be the last section of the administrative regulation.

(b) If an administrative regulation has been found deficient by a legislative committee, subsequent amendments of that administrative regulation filed with the Commission shall contain the notice provided in paragraph (a) of this subsection.

(c) If an administrative regulation that has been found deficient by a legislative committee has subsequently been determined not to be deficient under the provisions of this section, the regulations compiler shall delete the notice required by paragraph (a) of this subsection.

➔Section 8. KRS 67.767 is amended to read as follows:

(1) (a) The Secretary of State shall prescribe a standard form or forms, through promulgation of an administrative regulation, which shall be accepted by all tax districts and shall allow for returns of net profits and gross receipts occupational license taxes by all business entities unless the tax district opts out from acceptance in accordance with subsection (2) of this section or is exempted under subsection (3) of this section. The Secretary shall also develop and update as necessary instructions or a set of instructions for business entities on the completion of the standard form or forms so that business entities have the current information necessary to ensure the proper payment of the tax to each tax district.

(b) The Secretary shall seek advice and comments on the development, amendment, and maintenance of the form or forms and instructions from an advisory committee chaired by the Secretary, or his or her designee, that is composed of a representative from the Kentucky Association of Counties, the Kentucky League of Cities, the Kentucky Occupational License Association, the Kentucky School Boards Association, the Kentucky Society of Certified Public Accountants, urban-county governments, and consolidated local governments, and a representative of business entities appointed by the Secretary.

(c) During the development of the proposed initial form or forms, the Secretary of State shall report in writing to the Interim Joint Committee on Local Government on the progress of the development process. When the proposed administrative regulation is filed with the Legislative Research Commission pursuant to KRS Chapter 13A, the Secretary of State shall also submit a copy thereof, via regular or electronic mail, to the members of the Interim Joint Committee on Local Government or, if during a session of the General Assembly, to the members of the House Standing Committee on Local Government and the Senate Standing Committee on State and Local Government. The submission to the members shall include a note from the Secretary of State stating that the members may submit any comments regarding the proposed administrative regulation in accordance with the deadline established in KRS 13A.270(1)(c).

(d) Notwithstanding KRS 13A.290(6)(a), after ***full*** review by the Administrative Regulation Review Subcommittee, the Legislative Research Commission shall assign the administrative regulation to the Interim Joint Committee on Local Government for consideration or, if during a session of the General Assembly, to the House Standing Committee on Local Government and the Senate Standing Committee on State and Local Government.

(e) Once the standard form or forms are adopted or amended, the Secretary of State shall include the form or forms, instructions, and any updates on the one-stop business portal or another public ***website*** ~~[Web site]~~ maintained by that office along with information submitted to the Secretary of State pursuant to subsection (2) or (3) of this section. The form or forms and instructions shall be updated and maintained by the Secretary of State at no cost to the tax districts. No fee shall be levied against the public or businesses for accessing and downloading forms, instructions, or other information maintained by the Secretary of State under this section.

(2) After the form or forms are adopted under subsection (1) of this section but prior to July 1, 2017, a tax district may adopt the standard form or forms as its exclusive return form or forms, may accept the standard form or forms in addition to the tax district's own return form or forms, or may elect to opt out of accepting the standard form or forms through adoption of a written order by the tax district's governing body. If a tax district elects not to accept the standard form or forms, it shall forward the following information to the Secretary of State for inclusion on the one-stop business portal or another public ***website*** ~~[Web site]~~ maintained by that office:

(a) A copy of the written order specifying that the tax district will not accept the standard form or forms within thirty (30) days of its adoption; and

(b) A copy of occupational license tax forms that the tax district accepts, any accompanying instructions, and any future amendments to those forms and instructions within thirty (30) days of any change.

(3) After July 1, 2017, a tax district shall either adopt the standard form or forms as its exclusive return form or forms or accept the standard form or forms in addition to the tax district's own return form or forms, unless:

(a) The tax district submits a written request approved by the tax district's governing body to the Secretary of State for an exemption based on documented information that acceptance of the form will impose an undue financial hardship on the tax district; and

(b) The Secretary of State approves the request for an exemption and obtains the return form or forms that will be accepted by the tax district and any applicable instructions for inclusion on the one-stop business portal or another public ***website*** ~~[Web site]~~ maintained by that office. In exercising his or her discretion to grant an exemption under this subsection, the Secretary of State may impose any reasonable terms and limitations upon the exemption.

(4) Upon receipt of an order pursuant to subsection (2) of this section or upon the issuance of an exemption under subsection (3) of this section, the Secretary of State shall provide notice to the Kentucky Society of Certified Public Accountants of the tax districts that have submitted a written order to opt out under subsection (2) of this section or that are granted an exemption under subsection (3) of this section.

(5) The Secretary of State shall, only upon the request of a tax district, include electronic links for the electronic filing of forms with the local tax district by no later than July 1, 2017.

(6) Nothing in this section or KRS 67.766 shall be interpreted to alter or preempt the requirements imposed by a tax district regarding deadlines, reporting, rates, or other legally imposed procedures regarding the imposition, administration, and collection of local occupational license taxes by a tax district. Nor shall the adoption or use of a standard form or forms developed under this section release the taxpayer from any liability or responsibility to the tax district for the correct payment of taxes, penalties, and any other obligations imposed by the tax district. This section and KRS 67.766 shall not be interpreted to authorize the collection of local tax revenues by the state government or any other agency of the state.

➔Section 9. Whereas it is essential that the public and the General Assembly promptly receive the necessary information to make informed decisions about administrative regulations, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor February 25, 2025.

CHAPTER 3

(HB 234)

AN ACT relating to airport police.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 16.220 is amended to read as follows:

(1) Subject to the duty to return confiscated firearms to innocent owners pursuant to KRS 500.090, all firearms confiscated by the Department of Kentucky State Police and not retained for official use pursuant to KRS 500.090 shall be sold at public auction to:

(a) Federally licensed firearms dealers holding a license appropriate for the type of firearm sold; or

(b) For a firearm which was used in a homicide, any person who certifies on a form provided by the Department of Kentucky State Police prior to placing a bid that he or she will, upon completion of the auction, leave the firearm with the Department of Kentucky State Police for destruction. A state or local government or agency thereof shall not purchase a firearm under this paragraph.

(2) Any provision of KRS Chapter 45 or 45A relating to disposition of property to the contrary notwithstanding, the Department of Kentucky State Police shall:

(a) Conduct any auction specified by this section;

(b) Retain for departmental use twenty percent (20%) of the gross proceeds from any auction specified by this section;

(c) Transfer remaining proceeds of the sale to the account of the Kentucky Office of Homeland Security for use as provided in subsection (5) of this section; and

(d) For any sale pursuant to subsection (1)(b) of this section, destroy the firearm.

(3) Prior to the sale of any firearm, the Department of Kentucky State Police shall make an attempt to determine if the firearm to be sold has been stolen or otherwise unlawfully obtained from an innocent owner and return the firearm to its lawful innocent owner, unless that person is ineligible to purchase a firearm under federal law.

(4) The Department of Kentucky State Police shall receive firearms and ammunition confiscated by or abandoned to every law enforcement agency in Kentucky. The department shall dispose of the firearms received in the manner specified in subsections (1) and (2) of this section. However, firearms which are not retained for official use, returned to an innocent lawful owner, or transferred to another government agency or public museum shall be sold as provided in subsection (1) of this section.

(5) The proceeds of firearms sales shall be utilized by the Kentucky Office of Homeland Security to provide grants to city, county, charter county, unified local government, urban-county government, and consolidated local government police departments; university safety and security departments organized pursuant to KRS 164.950; school districts that employ special law enforcement officers as defined in KRS 61.900; ***airport safety and security departments established under KRS 183.880;*** and sheriff's departments for the purchase of:

(a) Body armor for sworn peace officers of those departments and service animals, as defined in KRS 525.010, of those departments;

(b) Firearms or ammunition;

(c) Electronic control devices, electronic control weapons, or electro-muscular disruption technology; and

(d) Body-worn cameras.

In awarding grants under this section, the Kentucky Office of Homeland Security shall give first priority to providing and replacing body armor and second priority to providing firearms and ammunition, with residual funds available for the purchase of body-worn cameras, electronic control devices, electronic control weapons, or electro-muscular disruption technology. Body armor purchased by the department receiving grant funds shall meet or exceed the standards issued by the National Institute of Justice for body armor. No police or sheriff's department shall apply for a grant to replace existing body armor unless that body armor has been in actual use for a period of five (5) years or longer. Any department applying for grant funds for body-worn cameras shall develop a policy for their use and shall submit that policy with its application for the grant funds to the Office of Homeland Security as part of the application process.

(6) The Department of Kentucky State Police may transfer a machine gun, short-barreled shotgun, short-barreled rifle, silencer, pistol with a shoulder stock, any other weapon, or destructive device as defined by the National Firearms Act which is subject to registration under the National Firearms Act and is not properly registered in the national firearms transfer records for those types of weapons, to the Bureau of Alcohol, Tobacco, and Firearms of the United States Department of Justice, after a reasonable attempt has been made to transfer the firearm to an eligible state or local law enforcement agency or to an eligible museum and no eligible recipient will take the firearm or weapon. National Firearms Act firearms and weapons which are properly registered and not returned to an innocent lawful owner or retained for official use as provided in this section shall be sold in accordance with subsection (1) of this section.

Signed by Governor March 7, 2025.

CHAPTER 4

(HB 261)

AN ACT relating to retired certified public accountants.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 325.290 is amended to read as follows:

(1) Only an individual who has received a license to practice or qualifies for a practice privilege shall be styled and known as a "certified public accountant." A certified public accountant may also use the abbreviation "CPA" or "public accountant."

(2) Licensees granted a waiver from continuing professional education based on retirement may use "certified public accountant," "public accountant," or "CPA," but shall not engage in regulated activities.

(3) Nothing in this section shall preclude a licensee who has been granted a continuing professional education waiver based on retirement from providing the following uncompensated services on a volunteer basis:

(a) Preparing taxes;

(b) Participating in a government-sponsored business-mentoring program;

(c) Serving on the board of directors for a nonprofit or governmental organization; or

(d) Serving on a government-appointed advisory body.

(4) As prescribed by the board in accordance with administrative regulations promulgated by the board, licensees applying for and renewing the continuing professional education waiver based on retirement shall affirm their understanding of the limited types of activities in which they may engage while on the waiver and their understanding that they have a professional duty to ensure that they hold the professional competencies necessary to offer these limited services.

➔Section 2. KRS 325.330 is amended to read as follows:

(1) An applicant for an initial license to practice shall:

(a) Satisfy all the requirements of KRS 325.261 and the administrative regulations promulgated by the board;

(b) Pay a fee not to exceed two hundred dollars ($200); and

(c) Complete the application process established in an administrative regulation promulgated by the board.

(2) Licenses shall be initially issued and renewed for a period of two (2) years, and shall expire on the first day of July in the year of expiration.

(3) When an initial license to practice is granted, the board shall issue a nonrenewable document that indicates that the licensee has satisfied all requirements to receive an initial license as a certified public accountant.

(4) An applicant for renewal of a license to practice who is in good standing shall complete the renewal procedure established in administrative regulations promulgated by the board that show that the applicant has:

(a) Fulfilled the requirement of continuing professional education as defined by the board by administrative regulation, but not to exceed eighty (80) hours during a two (2) year calendar period ending December 31 preceding the July 1 renewal date. Certified public accountants not employed by a firm licensed by the board shall be required to achieve continuing professional education not to exceed sixty (60) hours during the two (2) year calendar period ending December 31 preceding the July 1 renewal date. The board shall provide for lesser, prorated requirements for applicants whose initial permit was issued substantially less than two (2) years prior to the renewal date;

(b) Paid a fee not to exceed two hundred dollars ($200) biennially;

(c) Listed a permanent mailing address; and

(d) Designated as part of the renewal process whether the applicant is employed by a firm licensed by the board.

(5) Any license not renewed by the expiration date shall automatically expire and the holder of the expired license shall be prohibited from practicing public accounting or holding himself ***or herself*** out as a certified public accountant.

(6) (a) The holder of a license that from the date of renewal has been expired for a period shorter than six (6) months, and who has not violated any other provision of this chapter, may renew the license by meeting

all of the requirements of this section and paying a late penalty fee not to exceed one hundred dollars ($100).

(b) If the license has expired for a period longer than six (6) months, the applicant shall apply to the board for reinstatement. The board shall determine the eligibility for license reissuance, including a late penalty fee not to exceed two hundred dollars ($200) and additional continuing professional education hours.

(c) Failure to receive a renewal notice shall not constitute an adequate reason for failing to renew the license to practice in a timely manner.

(7) (a) Effective January 1, 2011, licenses shall expire on August 1 of the year in which they are to be renewed. Odd-numbered licenses shall expire on August 1 of every odd-numbered year and even-numbered licenses shall expire on August 1 of every even-numbered year.

(b) An applicant for renewal of a license to practice who is in good standing shall complete the renewal procedure, which shall be established by administrative regulation promulgated by the board and shall require the applicant to:

1. Fulfill the continuing professional education requirements, as defined by the board by promulgation of administrative regulation, in accordance with the following:

a. Certified public accountants employed by or operating a firm licensed by the board shall be required to complete no more than eighty (80) hours of continuing professional education during the two (2) year calendar period ending December 31 preceding the August 1 renewal date;

b. Certified public accountants not employed by a firm licensed by the board shall be required to complete no more than sixty (60) hours during the two (2) year calendar period ending December 31 preceding the August 1 renewal date; and

c. The board shall provide for lesser, prorated requirements for applicants whose initial license was issued substantially less than two (2) years prior to the renewal date;

2. Pay a fee not to exceed two hundred dollars ($200) biennially;

3. Provide a permanent mailing address; and

4. Designate where the applicant is currently practicing.

(c) Any license not renewed by the expiration date shall automatically expire, and the holder of the expired license shall be prohibited from practicing public accounting or holding himself or herself out as a certified public accountant.

(d) 1. The holder of a license that has been expired for a period of less than one (1) month, who has not violated any other provision of this chapter, may renew the license by meeting all of the requirements of this section and paying a late penalty fee not to exceed one hundred dollars ($100).

2. If the license has expired for a period longer than one (1) month, the applicant shall apply to the board for reinstatement. The board shall determine the eligibility for license reissuance, including a late penalty fee not to exceed two hundred dollars ($200) and additional continuing professional education hours.

(8) The board may reduce or waive the license to practice renewal requirements upon written request of the licensee showing illness, extreme hardship, or age and~~[complete]~~ retirement from practice as prescribed by the board by administrative regulation.

(9) A licensee shall notify the board in writing of a change in his or her mailing address within twenty (20) days following the effective date of the change in address.

Signed by Governor March 10, 2025.

CHAPTER 5

(HB 262)

AN ACT relating to certified public accountant firms.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 325.380 is amended to read as follows:

(1) No person shall assume or use the title or designation "certified public accountant," "public accountant," or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant, unless the person holds a license issued under this chapter or qualifies for a practice privilege under KRS 325.282.

(2) No firm shall assume or use the title or designation "certified public accountants," "public accountants," or the abbreviation "CPA's" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of certified public accountants, unless the firm:

(a) Holds a license issued under this chapter which has not been revoked or suspended, and all offices of the firm in this state are maintained as required under this chapter; or

(b) Is authorized to do so as provided for in KRS 325.301.

(3) No individuals or firm shall assume or use the title or designation "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited auditor," "accounting practitioner," "accredited accountant," "expert accountant," "expert auditor," "certified auditor," or any other title or designation likely to be confused with "certified public accountant" and "public accountant" or any of the abbreviations "CA," "AP," "PA," "RA," "LA," or "AA" or similar abbreviations likely to be confused with "CPA."

(4) No person or firm shall sign or affix his ***or her*** name or a firm name to any document or prepare or issue any document which indicates that the person or firm performed attest services or that includes any language which indicates that the person or the firm has expert knowledge in performing attest services, unless the person or firm holds a license to practice issued under this chapter or is exempt from having to obtain a license pursuant to KRS 325.301. This prohibition shall be applicable to issuance by any unlicensed person or firm of a report using any form of language conventionally used by licensees with respect to a compilation of financial statements or on any attest service. Nonlicensees may use safe harbor language provided in 201 KAR 1:180 in connection with a compilation of financial information. The provisions of this subsection shall not prohibit any officer, employee, partner, or principal of any organization from affixing his ***or her*** signature to any statement or report in reference to the financial affairs of the organization with any wording designating the position, title, or office which he ***or she*** holds in the organization, nor shall the provisions of this subsection prohibit any act of a public official or public employee in the performance of his ***or her*** duties.

(5) No person shall assume or use the title or designation "certified public accountant" or "public accountant" in conjunction with names indicating or implying that there is a firm, or in conjunction with the designation "and Company" or "and Associates" or a similar designation if there is in fact no bona fide firm licensed under this chapter or exempted from licensure under KRS 325.301.

(6) No person or firm holding a license under this chapter shall use a professional or firm name or designation which contains the names of any nonlicensees, is misleading as to the legal form of the firm, or as to the persons who are partners, officers, shareholders, or any other owners of the firm, or as to any other matters***, provided however, the name of one (1) or more deceased or retired partner, member, manager, or shareholder, whose name had been included in the firm name may continue to be included in the name of a firm or its successor***.~~[If more than one (1) certified public accountant has an ownership interest in the firm, the names of one (1) or more deceased, retired, or withdrawn partners, shareholders, or other certified public accountants with an ownership interest may be included in the name of a firm or its successor.~~

~~(7) If the death or retirement of a certified public accountant results in a firm having only one (1) certified public accountant with an ownership interest, the board may permit the firm to continue to use the firm name for no more than two (2) years from the certified public accountant's respective death or retirement.]~~

Signed by Governor March 10, 2025.

CHAPTER 6

(HB 545)

AN ACT relating to authorizing the payment of certain claims against the state which have been duly audited and approved according to law and have not been paid because of the lapsing or insufficiency of former appropriations against which the claims were chargeable or the lack of an appropriate procurement document in place, making an appropriation therefor, and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. There is appropriated out of the general fund, restricted funds, federal funds, and capital funds in the State Treasury for the purpose of compensating persons and companies named below for claims which have been duly audited and approved according to law, but have not been paid because of lapsing or insufficiency of former appropriations against which the claims were chargeable, or the lack of an appropriate procurement document in place, the amounts listed below:

AES Asset Acquisition, Inc.	
DBA Clean Earth of Calvert City	
PO Box 825329	
Philadelphia, PA 19182-5329	$38,625.16
Breathitt Advocate	
PO Box 1015	
Jackson, KY 41339-5015	$50.00
Capitol Solutions, LLC	
8913 Dolls Eyes Street	
Prospect, KY 40059	$14,700.00
Carahsoft Technology Corporation	
11493 Sunset Hills Road, Suite 100	
Reston, VA 20190-5230	$1,971.74
Carahsoft Technology Corporation	
11493 Sunset Hills Road, Suite 100	
Reston, VA 20190-5230	$54,103.12
Core Controls	
116 Venture Court, Suite 9	
Lexington, KY 40511-2625	$1,405.20
Federal Staffing Resources, LLC	
1997 Annapolis Exchange Parkway, Suite 300	
Annapolis, MD 21401	$11,971.65
Fleming County Attorney	
100 Court Square, Second Floor	
Flemingsburg, KY 41041-1328	$7,419.47
Garrard County Attorney	
7 Public Square	
Lancaster, KY 40444-1023	$15,562.90
Johnson County Fiscal Court	
PO Box 868	
Paintsville, KY 41240-0868	$14,805.28

Justice AV Solutions, Inc. PO Box 950110 Louisville, KY 40295-0110	$3,675.50
Justice AV Solutions, Inc. PO Box 950110 Louisville, KY 40295-0110	$13,560.62
Justice AV Solutions, Inc. PO Box 950110 Louisville, KY 40295-0110	$19,853.44
Misty Kenwright 2959 Babbling Brook Way Burlington, KY 41005-8835	$1,402.85
Lead for America PO Box 7070 Fort Myers, FL 33919	$34,000.00
Legal Aid Society 416 West Muhammed Ali Boulevard, Suite 300 Louisville, KY 40202-2354	$36,269.32
Lee's Ford Resort Marina 451 Lee's Ford Dock Road Nancy, KY 42544-8403	$4,653.00
Magellan RX Management, Inc. PO Box 783053 Philadelphia, PA 19178-3053	$222,000.00
Murtco, Inc. PO Box 3460 Paducah, KY 42002-3460	$4,360.00
Murtco, Inc. PO Box 3460 Paducah, KY 42002-3460	$6,261.00
Murtco, Inc. PO Box 3460 Paducah, KY 42002-3460	$8,198.00
Murtco, Inc. PO Box 3460 Paducah, KY 42002-3460	$18,969.00
Owensboro Health Medical Group PO Box 23229 Owensboro, KY 42304-3229	$16,389.64

Philips Healthcare	
PO Box 100355	
Atlanta, GA 30384-0355	$48,900.00
Proactive LTC Consulting	
2207 East Morgan Avenue, Suite D	
Evansville, IN 47711	$5,716.25
Qk4, Inc	
9920 Corporate Campus Drive, Suite 1200	
Louisville, KY 40223-5001	$20,206.66
Robert Fane Agency (Associates in Counseling and Psychology)	
1011 Lehman Avenue, Suite 103	
Bowling Green, Kentucky 42103-6515	$800.00
Sander Resources, LLC	
710 Colorado Street, Suite 9-I	
Austin, TX 78701-3030	$29,012.50
Springs Urgent Care	
2200 East Parrish Avenue, C-104	
Owensboro, KY 42303-1449	$340.00
Erica Stephens	
2809 Shaffer Avenue	
Cincinnati, OH 45211-7114	$2,042.37
Ida M. Taylor	
461 Thomas Way	
Shelbyville, KY 40065-8809	$904.78
Thomson Reuters Tax & Accounting - Checkpoint	
PO Box 71687	
Chicago, IL 60694-1687	$328.00
University of Kentucky Research Foundation	
c/o PNC Bank	
PO Box 931113	
Cleveland, OH 44193-1407	$443,361.01
University of Kentucky Research Foundation	
c/o PNC Bank	
PO Box 931113	
Cleveland, OH 44193-1407	$1,484.20
Vowels Law PLC	
PO Box 2082	
Henderson, KY 42419-2082	$500.00

➔Section 2. The claims listed below are for the payment of State Treasury checks payable to the persons or their personal representatives, and the firms listed, but not presented for payment within a period of five (5) years from the date of issuance of such checks as required by KRS 41.370 and 413.120.

Check #TA 18225592 dated July 12, 2018

Bavee Mariah

Revenue Redeposit

501 High Street

Frankfort, KY 40602-3462 $471.00

Check #TA 17359861 dated July 14, 2016

Blevins Keenan M Dec

Revenue Redeposit

501 High Street

Frankfort, KY 40602-3462 $485.00

Check #PA 13096099 dated October 30, 2015

Brian Samuels

10900 Milwaukee Way

Louisville, KY 40272-4150 $168.41

Check #PA 13100760 dated March 15, 2016

Brian Samuels

10900 Milwaukee Way

Louisville, KY 40272-4150 $168.22

Check #GA 22086380 dated April 27, 2018

Carl D and Linda W Hayden (Estate)

c/o Ruben L Hayden (Executor)

2312 Middleground Dr

Owensboro, KY 42301 $147.00

Check #TA 18173330 dated May 17, 2018

Carter Curtis A

4012 Shannon Cover

Buckner, KY 40010 $234.00

Check #BA 11146591 dated June 17, 2016

Cemex Inc

PO Box 2892

West Palm Beach, FL 33402 $27,262.36

Check #T1 4200006 dated March 21, 2006

Dudgeon Terry A & J C

216 Fairview Dr

Campbellsville, KY 42718 $435.00

Check #TA 17765877 dated October 16, 2017

Gaither Ralph & Miriam

934 Owens Chapel Road
Melber, KY 42069 $594.00

Check #BA 11179759 dated March 2, 2018
General Nutrition Corp
237 Hanbury Rd, Ste 17-357
Chesapeake, VA 23322 $14,026.85

Check #GA 22569541 dated February 4, 2019
General Nutrition Corp
237 Hanbury Rd, Ste 17-357
Chesapeake, VA 23322 $11,663.28

Check #TA 17747065 dated July 12, 2017
Hayden Carl D & Linda W (Estate)
c/o Ruben L Hayden (Executor)
2312 Middleground Dr
Owensboro, KY 42301 $163.00

Check #T1 2863774 dated August 27, 2004
Heavener Lanny & Donna
Revenue Redeposit
501 High Street
Frankfort, KY 40602-3462 $1,968.00

Check #TA 16205858 dated April 29, 2014
Hindman William J & M
1176 Monarchos Ridge
Union, KY 41091 $211.00

Check #BA 11087608 dated May 11, 2012
Inspire Pharmaceuticals Inc
126 E Lincoln Ave MS RY230A
Rahway NJ 07065 $1,035.00

Check #BA 11202211 dated May 3, 2019
Intuit Inc
2535 Garcia Ave
Mountain View, CA 94043 $591.08

Check #BA 11202210 dated May 3, 2019
Intuit Inc
2535 Garcia Ave
Mountain View, CA 94043 $1,470.28

Check #TA 17568012 dated March 17, 2017
Ison Dorothy G
971 Lilley Cornett Br

Hallie, KY 41821 $80.00

Check #T1 14632483 dated June 8, 2011

Kaelin Timothy S

2926 Cambridge Dr

Louisville, KY 40220 $201.00

Check #EA 11534665 dated June 22, 2012

Kaelin Timothy S

2926 Cambridge Dr

Louisville, KY 40220 $207.00

Check #TA 16290861 dated June 6, 2014

Kaelin Timothy S

2926 Cambridge Dr

Louisville, KY 40220 $247.00

Check #TA 16804514 dated May 26, 2015

Kaelin Timothy S

2926 Cambridge Dr

Louisville, KY 40220 $307.00

Check #TA 17353501 dated July 7, 2016

Kaelin Timothy S

2926 Cambridge Dr

Louisville, KY 40220 $334.00

Check #EA 11855925 dated April 6, 2017

Kirtley Dennis J MRS

10855 US Hwy 231

Utica, KY 42376 $153.78

Check #GA 22516101 dated January 4, 2019

Leah Thomas

DOCJT Redeposit

4449 Kit Carson Drive

Richmond, KY 40475 $100.00

Check #G1 12074293 dated April 19, 2007

Linda Hayden (Estate)

c/o Ruben L Hayden (Executor)

2312 Middleground Dr

Owensboro, KY 42301 $3,413.83

Check #TA 17752259 dated August 3, 2017

McCaskill Jessica G & J

320 Overlook Dr

Blythewood, SC 29016 $561.00

Check #BA 11126577 dated March 2, 2015

Overstimulate LLC

PO Box 1033

Northbrook, IL 60065-1033 $16,104.22

Check #BA 11188851 dated August 24, 2018

PriceWaterhouseCoopers

300 Madison Ave

New York, NY 10017 $1,400.77

Check #GA 22573087 dated February 6, 2019

Robert Julius Craig

7125 New Campbellsville Road

Finley, KY 42718 $500.00

Check #TA 18043946 dated April 12, 2018

Scott Chris D

5316 Twinkle Drive

Louisville, KY 40258 $175.00

Check # EA 11762895 dated December 18, 2015

Senninger John F & Stace

3611 E Locust Cir

Prospect, KY 40059 $539.00

Check #BA 11084359 dated February 20, 2012

Time Warner Cable

12405 Powerscout Dr

St Louis, MO 63131 $760.25

Check #G1 16104674 dated April 28, 2011

Timothy S Kaelin

2926 Cambridge Dr

Louisville, KY 40220 $171.00

➔Section 3. Whereas the persons and companies named above have furnished in good faith services, supplies, and materials and the Commonwealth has received the same, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 12, 2025.

CHAPTER 7

(HCR 20)

A CONCURRENT RESOLUTION directing the Legislative Research Commission to study access to sexual assault nurse examiners.

WHEREAS, a sexual assault nurse examiner (SANE) is a highly trained and specialized registered nurse who provides compassionate and comprehensive care to patients who have experienced sexual assault or abuse; and

WHEREAS, a registered nurse who holds a SANE A/A credential issued by the Kentucky Board of Nursing is trained in the forensic examination of adults and adolescents who have reached the onset of physiological normal puberty or older who have been the victim of sexual assault or abuse; and

WHEREAS, a registered nurse who holds a SANE P/A credential issued by the Kentucky Board of Nursing is trained in the forensic examination of pediatrics and adolescents who have not reached the onset of physiological normal puberty or individuals up to age 18 who have been the victim of sexual assault or abuse; and

WHEREAS, a SANE collects and preserves evidence and testifies in legal proceedings of sexual assault or abuse cases; and

WHEREAS, a SANE works in collaboration with the investigative team, prosecutors, the multidisciplinary healthcare team, and protection and advocacy centers to ensure that sexual assault victims receive adequate trauma-informed care after a sexual assault; and

WHEREAS, as of 2024, there were 449 credentialed SANE A/As and 41 credentialed SANE P/As; and

WHEREAS, in Kentucky there are six training centers for the SANE A/A credential and two for the SANE P/A credential; and

WHEREAS, the Sexual Assault Forensic Evidence (SAFE) Act of 2016 has increased the number of law enforcement officers trained to respond to and investigate sexual assault, increased the number of credentialed SANEs and SANE-ready hospitals, decreased the window of time to test forensic evidence, created a sexual assault forensic evidence (SAFE) kit tracking portal, paved the way for funding additional sexual assault investigators dedicated to solving these types of crimes, and more; and

WHEREAS, there are 22 hospitals in Kentucky with a SANE-ready designation, but some do not employ more than one SANE who is available 24/7; and

WHEREAS, the Sexual Assault Response Team Advisory Committee identifies increasing access to SANE care across the Commonwealth as one component of addressing sexual violence that needs urgent action; and

WHEREAS, analysis of access to SANEs in the Commonwealth is necessary to help identify policy options for improving access so that greater justice may be achieved for citizens of the Commonwealth who are victims of sexual assault and abuse and greater safety may be secured for all citizens of the Commonwealth;

NOW, THEREFORE,

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky, the Senate concurring therein:

➔Section 1. The staff of the Legislative Research Commission is directed to complete a study of the access to Sexual Assault Nurse Examiners (SANE) in emergency care settings. Staff shall consult with the members of the Sexual Assault Response Team Advisory Committee established in KRS 403.707 in conducting the study.

➔Section 2. The study required by Section 1 of this Resolution shall include, to the extent the data is available, but not be limited to an analysis of:

(1) The geographical gaps in SANE coverage by hospitals;

(2) The barriers to filling the geographic gaps in SANE coverage by hospitals;

(3) The geographic location of credentialed SANE A/As and SANE P/As;

(4) The number of credentialed SANE A/As and SANE P/As employed full-time in emergency care settings and by which hospitals;

(5) The number of hospitals that employ a SANE full-time and the hospital department of employment;

(6) The number of hospitals with SANEs employed full-time that are designated as SANE-ready hospitals;

(7) The number of hospitals that contract with a SANE for on-call services;

(8) The number of hospitals that contract with a SANE for on-call services that are designated as SANE-ready hospitals;

(9) The barriers to hospitals obtaining a SANE-ready designation; and

(10) For each of the preceding 5 years:

(a) The number of sexual violence victims who have been referred or transferred from a hospital emergency department in the Commonwealth to another hospital emergency department for completion of a sexual assault forensic examination, the reason for the referral, and the county where the referral was made; and

(b) The number of sexual assault forensic examinations (SAFE) completed in each hospital, the credentials of the person completing each SAFE, and whether a rape crisis center advocate was contacted as required by 502 KAR 12:010.

➔Section 3. (1) The report of the completed study required by Section 1 of this Resolution shall include but not be limited to a:

(a) Description of the problem;

(b) Detailed analysis of the data listed in Section 2 of this Resolution;

(c) Discussion of any data in Section 2 of this Resolution that is not available for analysis; and

(d) Discussion of any policy options to improve data collection and to address the need for greater access to credentialed sexual assault nurse examiners.

(2) A report of the completed study shall be submitted to the Legislative Research Commission for referral to the Interim Joint Committee on Health Services and the Interim Joint Committee on Judiciary no than December 1, 2025.

➔Section 4. Provisions of this Resolution to the contrary notwithstanding, the Legislative Research Commission shall have the authority to alternatively assign the issues identified herein to an interim joint committee or subcommittee thereof, and to designate a study completion date.

Signed by Governor March 12, 2025.

CHAPTER 8

(HB 219)

AN ACT relating to sexual assault emergency response training.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 216B.400 is amended to read as follows:

(1) Where a person has been determined to be in need of emergency care by any person with admitting authority, the person shall not be denied admission by reason only of his or her inability to pay for services to be rendered by the hospital.

(2) ***A***~~[Every]~~ hospital ***that***~~[of this state which]~~ offers emergency services shall provide that a physician, a sexual assault nurse examiner, who shall be a registered nurse licensed in the Commonwealth and credentialed by the Kentucky Board of Nursing as provided under KRS 314.142, or another qualified medical professional, as defined by administrative regulation promulgated by the Justice and Public Safety Cabinet in consultation with the Sexual Assault Response Team Advisory Committee as defined in KRS 403.707, is available on call twenty-four (24) hours each day for the examinations of persons seeking treatment as victims of sexual offenses as defined by KRS 510.040, 510.050, 510.060, 510.070, 510.080, 510.090, 510.110, 510.120, 510.130, 510.140, 530.020, 530.064(1)(a), and 531.310.

(3) ***(a) A hospital that offers emergency services shall provide mandatory training for all emergency medical services staff on sexual assault emergency response requirements, protocols, and resources.***

(b) The training curriculum shall be developed in collaboration with the members of the Sexual Assault Response Team Advisory Committee appointed pursuant to Section 3 of this Act and shall include but not be limited to the following:

1. Instruction on the provisions of:

a. KRS 49.270 to 49.490 relating to crime victims' compensation coverage and reimbursement and any related administrative regulations promulgated by the Public Protection Cabinet;

b. KRS 214.185 relating to the diagnosis and treatment of disease, addictions, or other conditions of a minor;

c. KRS 216B.015 relating to the definition of a sexual assault examination facility;

d. KRS 216B.140 relating to medical and diagnostic services for minor victims of sexual violence;

e. This section relating to hospital duties to victims of sexual violence and victims' rights and related administrative regulations promulgated by the Cabinet for Health and Family Services;

f. KRS 216B.401 relating to SANE-ready hospitals that have sexual assault nurse examiner available on call twenty-four (24) hours a day;

g. Administrative regulations promulgated by the Justice and Public Safety Cabinet relating to protocols for sexual assault forensic exams and storage of sexual assault forensic exam kits; and

h. Administrative regulations promulgated by the Kentucky Board of Nursing relating to sexual assault nurse examiner credentialing and standards;

2. An overview of:

a. The Kentucky Medical Protocol for Child Sexual Assault/Abuse Evaluation;

b. Resources related to sexual assault available from the Kentucky Hospital Association; and

c. The Kentucky State Police sexual assault forensic examination (SAFE) kit tracking portal; and

3. Instruction on:

a. Forensic evidence collection provided by a credentialed sexual assault nurse examiner and a board-certified child abuse pediatrician or designee; and

b. Services provided by a rape crisis center and a children's advocacy center.

(4) An examination provided in accordance with this section of a victim of a sexual offense may be performed in a sexual assault examination facility as defined in KRS 216B.015. An examination under this section shall apply only to an examination of a victim.

(5)~~[(4)]~~ The physician, sexual assault nurse examiner, or other qualified medical professional, acting under a statewide medical forensic protocol which shall be developed by the Justice and Public Safety Cabinet in consultation with the Sexual Assault Response Team Advisory Committee as defined in KRS 403.707, and promulgated by the secretary of justice and public safety pursuant to KRS Chapter 13A shall, upon the request of any peace officer or prosecuting attorney, and with the consent of the victim, or upon the request of the victim, examine the victim for the purposes of providing basic medical care relating to the incident and gathering samples that may be used as physical evidence. This examination shall include but not be limited to:

(a) Basic treatment and sample gathering services; and

(b) Laboratory tests, as appropriate.

(6)~~[(5)]~~ Each victim shall be informed of available services for treatment of sexually transmitted infections, pregnancy, and other medical and psychiatric problems. Pregnancy counseling shall not include abortion counseling or referral information.

(7)~~[(6)]~~ Each victim shall be informed of available crisis intervention or other mental health services provided by regional rape crisis centers providing services to victims of sexual assault.

(8)~~[(7)]~~ Notwithstanding any other provision of law, a minor may consent to examination under this section. This consent is not subject to disaffirmance because of minority, and consent of the parents or guardians of the minor is not required for the examination.

(9)~~[(8)]~~ (a) The examinations provided in accordance with this section and other services provided to a victim pursuant to subsection (9) of this section shall be paid for by the Crime Victims Compensation Board at a rate to be determined by the administrative regulation promulgated by the board after consultation with the Sexual Assault Response Team Advisory Committee as defined in KRS 403.707. Payment for services rendered pursuant to subsection ***(10)***~~[(9)]~~ of this section shall be made at a rate not to exceed the Medicaid reimbursement rate for the same or similar services.

(b) Upon receipt of a completed claim form supplied by the board and an itemized billing for a forensic sexual assault examination or related services that are within the scope of practice of the respective provider and were performed no more than twelve (12) months prior to submission of the form, the board shall reimburse the hospital or sexual assault examination facility, pharmacist, health department, physician, sexual assault nurse examiner, or other qualified medical professional as provided in administrative regulations promulgated by the board pursuant to KRS Chapter 13A. Reimbursement shall be made to an out-of-state nurse who is credentialed in the other state to provide sexual assault examinations, an out-of-state hospital, or an out-of-state physician if the sexual assault occurred in Kentucky.

(c) Independent investigation by the Crime Victims Compensation Board shall not be required for payment of claims under this section; however, the board may require additional documentation or proof that the forensic medical examination was performed.

(10)~~[(9)]~~ When an examination of a victim of a sexual offense is provided in accordance with this section, no charge shall be made to the victim by the hospital, the sexual assault examination facility, the physician, the pharmacist, the health department, the sexual assault nurse examiner, other qualified medical professional, the victim's insurance carrier, or the Commonwealth for:

(a) Sexual assault examinations, whether or not the exam is completed;

(b) Prophylactic medical treatment;

(c) Strangulation assessments; or

(d) Other medical tests or services, including triage and ambulance expenses, related to the incident, exam, or treatment which occur on the same date as the original exam.

(11)~~[(10)]~~ (a) Each victim shall have the right to determine whether a report or other notification shall be made to law enforcement, except where reporting of abuse and neglect of a child or a vulnerable adult is required, as set forth in KRS 209.030 and 620.030. No victim shall be denied an examination, or billed in violation of subsection ***(10)***~~[(9)]~~ of this section, because the victim chooses not to file a police report, cooperate with law enforcement, or otherwise participate in the criminal justice system.

(b) If the victim chooses to report to law enforcement, the hospital shall notify law enforcement within twenty-four (24) hours.

(c) 1. All samples collected during an exam where the victim has chosen not to immediately report to law enforcement shall be stored, released, and destroyed, if appropriate, in accordance with an administrative regulation promulgated by the Justice and Public Safety Cabinet in consultation with the Sexual Assault Response Team Advisory Committee as defined in KRS 403.707.

2. Facilities collecting samples pursuant to this section may provide the required secure storage, sample destruction, and related activities, or may enter into agreements with other agencies qualified to do so, pursuant to administrative regulation.

3. All samples collected pursuant to this section shall be stored for at least one (1) year from the date of collection in accordance with the administrative regulation promulgated pursuant to this subsection.

4. Notwithstanding KRS 524.140, samples collected during exams where the victim chose not to report immediately or file a report within one (1) year after collection may be destroyed as set forth in accordance with the administrative regulation promulgated pursuant to this subsection. The victim shall be informed of this process at the time of the examination. No hospital, sexual assault examination facility, or designated storage facility shall be liable for destruction of samples after the required storage period has expired.

➔Section 2. KRS 314.011 is amended to read as follows:

As used in this chapter, unless the context thereof requires otherwise:

(1) "Board" means Kentucky Board of Nursing;

(2) "Delegation" means directing a competent person to perform a selected nursing activity or task in a selected situation under the nurse's supervision and pursuant to administrative regulations promulgated by the board in accordance with the provisions of KRS Chapter 13A;

(3) "Nurse" means a person who is licensed or holds the privilege to practice under the provisions of this chapter as a registered nurse or as a licensed practical nurse;

(4) "Nursing process" means the investigative approach to nursing practice utilizing a method of problem-solving by means of:

(a) Nursing diagnosis, a systematic investigation of a health concern, and an analysis of the data collected in order to arrive at an identifiable problem; and

(b) Planning, implementation, and evaluation based on nationally accepted standards of nursing practice;

(5) "Registered nurse" means one who is licensed or holds the privilege under the provisions of this chapter to engage in registered nursing practice;

(6) "Registered nursing practice" means the performance of acts requiring substantial specialized knowledge, judgment, and nursing skill based upon the principles of psychological, biological, physical, and social sciences in the application of the nursing process in:

(a) The care, counsel, and health teaching of the ill, injured, or infirm;

(b) The maintenance of health or prevention of illness of others;

(c) The administration of medication and treatment as prescribed by a physician, physician assistant, dentist, or advanced practice registered nurse and as further authorized or limited by the board, and which are consistent either with American Nurses' Association Scope and Standards of Practice or with standards of practice established by nationally accepted organizations of registered nurses. Components of medication administration include but are not limited to:

1. Preparing and giving medications in the prescribed dosage, route, and frequency, including dispensing medications only as defined in subsection (17)(b) of this section;

2. Observing, recording, and reporting desired effects, untoward reactions, and side effects of drug therapy;

3. Intervening when emergency care is required as a result of drug therapy;

4. Recognizing accepted prescribing limits and reporting deviations to the prescribing individual;

5. Recognizing drug incompatibilities and reporting interactions or potential interactions to the prescribing individual; and

6. Instructing an individual regarding medications;

(d) The supervision, teaching of, and delegation to other personnel in the performance of activities relating to nursing care; and

(e) The performance of other nursing acts which are authorized or limited by the board, and which are consistent either with American Nurses' Association Standards of Practice or with Standards of Practice established by nationally accepted organizations of registered nurses;

(7) "Advanced practice registered nurse" or "APRN" means a certified nurse practitioner, certified registered nurse anesthetist, certified nurse midwife, or clinical nurse specialist, who is licensed to engage in advance practice registered nursing pursuant to KRS 314.042 and certified in at least one (1) population focus;

(8) "Advanced practice registered nursing" means the performance of additional acts by registered nurses who have gained advanced clinical knowledge and skills through an accredited education program that prepares the registered nurse for one (1) of the four (4) APRN roles; who are certified by the American Nurses' Association or other nationally established organizations or agencies recognized by the board to certify registered nurses for advanced practice registered nursing as a certified nurse practitioner, certified registered nurse anesthetist, certified nurse midwife, or clinical nurse specialist; and who certified in at least one (1) population focus. The additional acts shall, subject to approval of the board, include but not be limited to prescribing treatment,

drugs, devices, and ordering diagnostic tests. Advanced practice registered nurses who engage in these additional acts shall be authorized to issue prescriptions for and dispense nonscheduled legend drugs as defined in KRS 217.905 and to issue prescriptions for but not to dispense Schedules II through V controlled substances described in or as classified pursuant to KRS 218A.020, 218A.060, 218A.080, 218A.100, and 218A.120 under the conditions set forth in KRS 314.042 and regulations promulgated by the Kentucky Board of Nursing on or before August 15, 2006.

(a) 1. Prescriptions issued by advanced practice registered nurses for Schedule II controlled substances classified under KRS 218A.060, except hydrocodone combination products as defined in KRS 218A.010, shall be limited to a seventy-two (72) hour supply without any refill.

2. Prescriptions issued by advanced practice registered nurses for hydrocodone combination products as defined in KRS 218A.010 shall be limited to a thirty (30) day supply without any refill.

3. Prescriptions issued under this subsection for psychostimulants may be written for a thirty (30) day supply only by an advanced practice registered nurse certified in psychiatric-mental health nursing who is providing services in a health facility as defined in KRS Chapter 216B or in a regional services program for mental health or individuals with an intellectual disability as defined in KRS Chapter 210.

(b) Prescriptions issued by advanced practice registered nurses for Schedule III controlled substances classified under KRS 218A.080 shall be limited to a thirty (30) day supply without any refill. Prescriptions issued by advanced practice registered nurses for Schedules IV and V controlled substances classified under KRS 218A.100 and 218A.120 shall be limited to the original prescription and refills not to exceed a six (6) month supply.

Nothing in this chapter shall be construed as requiring an advanced practice registered nurse designated by the board as a certified registered nurse anesthetist to obtain prescriptive authority pursuant to this chapter or any other provision of law in order to deliver anesthesia care. The performance of these additional acts shall be consistent with the certifying organization or agencies' scopes and standards of practice recognized by the board by administrative regulation;

(9) "Licensed practical nurse" means one who is licensed or holds the privilege under the provisions of this chapter to engage in licensed practical nursing practice;

(10) "Licensed practical nursing practice" means the performance of acts requiring knowledge and skill such as are taught or acquired in approved schools for practical nursing in:

(a) The observing and caring for the ill, injured, or infirm under the direction of a registered nurse, advanced practice registered nurse, physician assistant, licensed physician, or dentist;

(b) The giving of counsel and applying procedures to safeguard life and health, as defined and authorized by the board;

(c) The administration of medication or treatment as authorized by a physician, physician assistant, dentist, or advanced practice registered nurse and as further authorized or limited by the board which is consistent with the National Federation of Licensed Practical Nurses or with Standards of Practice established by nationally accepted organizations of licensed practical nurses;

(d) Teaching, supervising, and delegating except as limited by the board; and

(e) The performance of other nursing acts which are authorized or limited by the board and which are consistent with the National Federation of Practical Nurses' Standards of Practice or with Standards of Practice established by nationally accepted organizations of licensed practical nurses;

(11) "School of nursing" means a nursing education program preparing persons for licensure as a registered nurse or a practical nurse;

(12) "Continuing education" means offerings beyond the basic nursing program that present specific content planned and evaluated to meet competency based behavioral objectives which develop new skills and upgrade knowledge;

(13) "Nursing assistance" means the performance of delegated nursing acts by unlicensed nursing personnel for compensation under supervision of a nurse;

(14) "Sexual assault nurse examiner" means a registered nurse who has completed the required education and clinical experience and maintains a current credential from the board as provided under KRS 314.142 to conduct forensic examinations of victims of sexual offenses under the medical protocol issued by the Justice and Public Safety Cabinet in consultation with the Sexual Assault Response Team Advisory Committee pursuant to KRS 216B.400***(5)*** ~~[(4)]~~;

(15) "Competency" means the application of knowledge and skills in the utilization of critical thinking, effective communication, interventions, and caring behaviors consistent with the nurse's practice role within the context of the public's health, safety, and welfare;

(16) "Credential" means a current license, registration, certificate, or other similar authorization that is issued by the board;

(17) "Dispense" means:

(a) To receive and distribute nonscheduled legend drug samples from pharmaceutical manufacturers to patients at no charge to the patient or any other party; or

(b) To distribute nonscheduled legend drugs from a local, district, and independent health department, subject to the direction of the appropriate governing board of the individual health department;

(18) "Dialysis care" means a process by which dissolved substances are removed from a patient's body by diffusion, osmosis, and convection from one (1) fluid compartment to another across a semipermeable membrane;

(19) "Dialysis technician" means a person who is not a nurse, a physician assistant, or a physician and who provides dialysis care in a licensed renal dialysis facility under the direct, on-site supervision of a registered nurse or a physician;

(20) "Population focus" means the section of the population within which the advanced practice registered nurse has targeted to practice. The categories of population foci are:

(a) Family and individual across the lifespan;

(b) Adult gerontology;

(c) Neonatal;

(d) Pediatrics;

(e) Women's health and gender-related health; and

(f) Psychiatric mental health; and

(21) "Conviction" means but is not limited to:

(a) An unvacated adjudication of guilt;

(b) Pleading no contest or nolo contendere or entering an Alford plea; or

(c) Entering a guilty plea pursuant to a pretrial diversion order;

Regardless of whether the penalty is rebated, suspended, or probated.

➔Section 3. KRS 403.707 is amended to read as follows:

(1) The Sexual Assault Response Team Advisory Committee is established.

(2) The Sexual Assault Response Team Advisory Committee shall be co-chaired by the executive director of the Kentucky Association of Sexual Assault Programs and the commissioner of the Department of Kentucky State Police or the commissioner's designee.

(3) The membership of the Sexual Assault Response Team Advisory Committee shall consist of the following:

(a) The executive director of the Kentucky Board of Nursing or the executive director's designee;

(b) The executive director of the Kentucky Nurses Association or the executive director's designee;

(c) The executive director of the Kentucky Hospital Association or the executive director's designee;

(d) The executive director of the Kentucky Association of Children's Advocacy Centers;

(e) The director of the Department of Kentucky State Police Crime Lab;

(f) The commissioner of the Department for Community Based Services or the commissioner's designee;

(g) The director of the Office of Victims Advocacy in the Office of the Attorney General or the director's designee;

(h) A sexual assault nurse examiner appointed by the secretary of the Cabinet for Health and Family Services;

(i) A representative from a sexual assault response team appointed by the executive director of the Kentucky Association of Sexual Assault Programs;

(j) A physician appointed by the secretary of the Cabinet for Health and Family Services; and

(k) A Commonwealth's attorney or an assistant Commonwealth's attorney appointed by the Attorney General.

(4) Members appointed under subsection (3)(h) to (k) of this section shall serve at the pleasure of the appointing authority and shall not serve longer than four (4) years without reappointment.

(5) The Sexual Assault Response Team Advisory Committee shall:

(a) Serve in an advisory capacity to the Kentucky Board of Nursing in accomplishing the duties set forth under KRS 314.142;

(b) Serve in an advisory capacity to the Justice and Public Safety Cabinet in the development of the statewide sexual assault protocol required under KRS 216B.400***(5)*** ~~[(4)]~~;

(c) Develop a model protocol for the operation of sexual assault response teams which shall include the roles of sexual assault nurse examiners, physicians, law enforcement, prosecutors, and victim advocates;

(d) Provide assistance to each regional rape crisis center, as designated by the Cabinet for Health and Family Services, in establishing a regional sexual assault response team;

(e) Develop model policies for law enforcement agencies related to handling sexual assault examination kits and investigating sexual assaults with a victim-centered, evidence-based approach;

(f) By January 1, 2018, report to the General Assembly on the results of the analysis of previously untested sexual assault examination kits submitted to the Department of Kentucky State Police forensic laboratory pursuant to 2016 Ky. Acts ch. 58, sec. 1, including whether analysis of those kits led to the identification and prosecution of suspects and the cost to society of the offenses committed by the suspects identified;

(g) By July 1, 2018, and by each July 1 thereafter, report to the General Assembly and to the secretary of the Justice and Public Safety Cabinet on the number of sexual assaults reported, the number of sexual assault examination kits submitted to the Department of Kentucky State Police forensic laboratory, the number of kits tested, and the number of charges filed and convictions obtained in sexual assault cases in the previous calendar year;

(h) Provide information and recommendations concerning the activities of the agency or organization represented by each individual committee member as related to sexual assault issues and programs within the purview of the agency or organization; and

(i) Recommend to the appropriate state agency any changes in statute, administrative regulation, training, policy, and budget to promote a multidisciplinary response to sexual assault.

Signed by Governor March 12, 2025.

CHAPTER 9

(SB 73)

AN ACT relating to sexual extortion.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 531 IS CREATED TO READ AS FOLLOWS:

(1) A person is guilty of sexual extortion when he or she communicates, through any means, a threat to:

(a) Injure the property or reputation of another person or commit violence against another person with the intent to coerce that person to:

1. Engage in sexual conduct; or

2. Produce, provide, or distribute any matter depicting that person engaging in sexual conduct or in a state of nudity or seminudity; or

(b) Distribute any matter depicting another person engaged in sexual conduct or in a state of nudity or seminudity with the intent to coerce that person to:

1. Engage in sexual conduct;

2. Produce, provide, or distribute any matter depicting that person engaging in sexual conduct or in a state of nudity or seminudity;

3. Provide the payment of money, property, services, or any other thing of value to the perpetrator; or

4. Do any act or refrain from doing any act against his or her will.

(2) Sexual extortion is a Class A misdemeanor unless:

(a) The victim, as a result of the commission of the offense:

1. Engages in sexual conduct;

2. Produces, provides, or distributes any matter depicting himself or herself engaging in sexual conduct or in a state of nudity or seminudity;

3. Provides the payment of money, property, services, or any other thing of value to the offender;

4. Does any act or refrains from doing any act against his or her will; or

5. Suffers serious physical injury;

in which case it is a Class D felony; or

(b) 1. The person:

a. Was previously convicted of any sexual offense under KRS Chapter 510 or a sex crime as defined in Section 3 of this Act;

b. Occupied a position of special trust or a position of authority as those terms are defined in KRS 532.045 in relation to the victim;

c. Used or threatened the use of a deadly weapon or dangerous instrument against the victim during the commission of the offense; or

d. Is an adult and the victim is a minor, and there is greater than a four (4) year difference in age between them; or

2. The offense was committed during the course of a kidnapping as described in KRS 509.040;

in which case the person shall be charged one (1) level higher than the level otherwise specified in this subsection.

(3) If the victim attempts suicide resulting in serious physical injury or dies by suicide within ninety (90) days of the commission of the offense as a proximate result of the trauma the victim experienced during or following the commission of the offense, the person may be prosecuted for homicide under KRS Chapter 507 or assault under KRS Chapter 508.

(4) This section shall not apply to:

(a) Images involving voluntary nudity or sexual conduct in public, commercial settings, or in a place where a person does not have a reasonable expectation of privacy;

(b) Disclosures made in the public interest, including the reporting of unlawful conduct, or lawful and common practices of law enforcement, criminal reporting, corrections, legal proceedings, or medical treatment;

(c) Disclosures of materials that constitute a matter of public concern; or

(d) When acting in its capacity as a provider of those services, a:

1. Broadband internet access service provider;

2. Telecommunications service provider, an interconnected VoIP service provider, or a mobile service provider as defined in 47 U.S.C. sec. 153;

3. Commercial mobile service provider as defined in 47 U.S.C. sec. 332; or

4. Cable operator as defined in 47 U.S.C. sec. 522; or

(e) An interactive computer service, as defined in 47 U.S.C. sec. 230, related to content provided by a user of the interactive computer service.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 411 IS CREATED TO READ AS FOLLOWS:

(1) Any person who violates Section 1 of this Act shall be personally liable for actual and punitive damages, court costs, and reasonable attorney's fees in a civil cause of action brought against an alleged perpetrator by a:

(a) Victim or the personal representative of his or her estate; or

(b) Victim's parent or legal guardian on behalf of a victim who is a minor.

(2) The action may be filed in the Circuit Court for the county where the alleged violation occurred or the county where the victim resides.

(3) An individual found liable under this section shall be jointly and severally liable with each other person, if any, found liable under this section for the damages arising from the same violation of Section 1 of this Act.

(4) Nothing in this section shall be construed to impose liability on:

(a) When acting in its capacity as a provider of those services, a:

1. Broadband internet access service provider;

2. Telecommunications service provider, an interconnected VoIP service provider, or a mobile service provider as defined in 47 U.S.C. sec. 153;

3. Commercial mobile service provider as defined in 47 U.S.C. sec. 332; or

4. Cable operator as defined in 47 U.S.C. sec. 522; or

(b) An interactive computer service, as defined in 47 U.S.C. sec. 230, related to content provided by a user of the interactive computer service.

➔Section 3. KRS 17.500 is amended to read as follows:

As used in KRS 17.500 to 17.580:

(1) "Approved provider" means a mental health professional licensed or certified in Kentucky whose scope of practice includes providing mental health treatment services and who is approved by the Sex Offender Risk Assessment Advisory Board, under administrative regulations promulgated by the board, to provide comprehensive sex offender presentence evaluations or treatment to adults and youthful offenders, as defined in KRS 600.020;

(2) "Cabinet" means the Justice and Public Safety Cabinet;

(3) (a) Except as provided in paragraph (b) of this subsection, "criminal offense against a victim who is a minor" means any of the following offenses if the victim is under the age of eighteen (18) at the time of the commission of the offense:

1. Kidnapping, as set forth in KRS 509.040, except by a parent;

2. Unlawful imprisonment, as set forth in KRS 509.020, except by a parent;

3. Sex crime;

4. Promoting a sexual performance of a minor, as set forth in KRS 531.320;

5. Human trafficking involving commercial sexual activity, as set forth in KRS 529.100;

6. Promoting human trafficking involving commercial sexual activity, as set forth in KRS 529.110;

7. Promoting prostitution, as set forth in KRS 529.040, when the defendant advances or profits from the prostitution of a person under the age of eighteen (18);

8. Use of a minor in a sexual performance, as set forth in KRS 531.310;

9. Sexual abuse, as set forth in KRS 510.120 and 510.130;

10. Unlawful transaction with a minor in the first degree, as set forth in KRS 530.064(1)(a);

11. Any offense involving a minor or depictions of a minor, as set forth in KRS Chapter 531;

12. Any attempt to commit any of the offenses described in subparagraphs 1. to 11. of this paragraph;

13. Solicitation to commit any of the offenses described in subparagraphs 1. to 11. of this paragraph; or

14. Any offense from another state or territory, any federal offense, or any offense subject to a court martial of the United States Armed Forces, which is similar to any of the offenses described in subparagraphs 1. to 13. of this paragraph.

(b) Conduct which is criminal only because of the age of the victim shall not be considered a criminal offense against a victim who is a minor if the perpetrator was under the age of eighteen (18) at the time of the commission of the offense;

(4) "Law enforcement agency" means any lawfully organized investigative agency, sheriff's office, police unit, or police force of federal, state, county, urban-county government, charter county, city, consolidated local government, or a combination of these, responsible for the detection of crime and the enforcement of the general criminal federal or state laws;

(5) "Registrant" means:

(a) Any person eighteen (18) years of age or older at the time of the offense or any youthful offender, as defined in KRS 600.020, who has committed:

1. A sex crime; or

2. A criminal offense against a victim who is a minor; or

(b) Any person required to register under KRS 17.510; or

(c) Any sexually violent predator; or

(d) Any person whose sexual offense has been diverted pursuant to KRS 533.250, until the diversionary period is successfully completed;

(6) "Registrant information" means the name, including any lawful name change together with the previous name, Social Security number, age, race, sex, date of birth, height, weight, hair and eye color, fingerprints, palm prints, DNA sample, a photograph, aliases used, residence, motor vehicle operator's license number as well as any other government-issued identification card numbers, if any, a brief description of the crime or crimes committed, and other information the cabinet determines, by administrative regulation, may be useful in the identification of registrants;

(7) "Residence" means any place where a person sleeps. For the purposes of this statute, a registrant may have more than one (1) residence. A registrant is required to register each residence address;

(8) "Sex crime" means:

(a) A felony offense defined in KRS Chapter 510, KRS 529.100 or 529.110 involving commercial sexual activity, 530.020, 530.064(1)(a), 531.310, 531.320, 531.335, 531.340, 531.365, 531.366, 531.367,~~[or]~~ 531.368***, or Section 1 of this Act***;

(b) A felony attempt to commit a felony offense specified in paragraph (a) of this subsection; or

(c) A federal felony offense, a felony offense subject to a court-martial of the United States Armed Forces, or a felony offense from another state or a territory where the felony offense is similar to a felony offense specified in paragraph (a) of this subsection;

(9) "Sexual offender" means any person convicted of, pleading guilty to, or entering an Alford plea to a sex crime as defined in this section, as of the date the verdict is entered by the court;

(10) "Sexually violent predator" means any person who has been subjected to involuntary civil commitment as a sexually violent predator, or a similar designation, under a state, territory, or federal statutory scheme;

(11) "The board" means the Sex Offender Risk Assessment Advisory Board created under KRS 17.554;

(12) "Victim" has the same meaning as in KRS 421.500;

(13) "DNA sample" or "deoxyribonucleic acid sample" means a blood or swab specimen from a person, as prescribed by administrative regulation, that is required to provide a DNA sample pursuant to KRS 17.170 or 17.510, that shall be submitted to the Department of Kentucky State Police forensic laboratory for law enforcement identification purposes and inclusion in law enforcement identification databases; and

(14) "Authorized personnel" means an agent of state government who is properly trained in DNA sample collection pursuant to administrative regulation.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 158 IS CREATED TO READ AS FOLLOWS:

(1) The superintendent of each local school district shall require the principal of each school within the district to provide written notice of the provisions of Section 1 of this Act to students in grades four (4) and above in an age-appropriate manner and to parents or guardians of all students within ten (10) days of the first instructional day of each school year.

(2) The requirements of subsection (1) of this section shall apply to public charter schools as a health and safety requirement under KRS 160.1592(1).

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 158 IS CREATED TO READ AS FOLLOWS:

(1) By August 1, 2025, local boards shall require each public school with instructional spaces for students in grades six (6) through twelve (12) to display, in a prominent location in each school building, a legible printed sign in English and Spanish at least eight and one-half (8.5) inches by eleven (11) inches in size that shall contain:

(a) An age-appropriate description of sexual extortion consistent with the definition in Section 1 of this Act;

(b) Contact information for state or local law enforcement for reporting or seeking assistance relating to sexual extortion;

(c) Contact information for federal law enforcement for reporting or seeking assistance relating to sexual extortion;

(d) Contact information for a national suicide prevention hotline; and

(e) The Uniform Resource Locator (URL), a Quick Response (QR) code, or similar resource to identify the website address for informational and support resources regarding sexual extortion provided by the National Center for Missing and Exploited Children or any federally funded successor entity.

(2) The requirements of subsection (1) of this section shall apply to public charter schools as a health and safety requirement under KRS 160.1592(1).

(3) By July 15, 2025, the department shall publish recommendations for information to be included consistent with subsection (1) of this section.

➔Section 6. KRS 164.2815 is amended to read as follows:

(1) ~~[Beginning August 1, 2020,]~~Any student identification badge issued by a public or private postsecondary education institution, vocational school, or any other institution that offers a postsecondary degree, certificate, or licensure shall contain the contact information for:

(a) ~~[(1)]~~ A national domestic violence hotline;

(b) ~~[(2)]~~ A national sexual assault hotline; and

(c)~~[(3)]~~ A national suicide prevention hotline.

(2) Beginning August 1, 2025, a public or private postsecondary education institution, vocational school, or any other institution that offers a postsecondary degree, certificate, or licensure shall post in a prominent location in every residential facility and buildings containing instructional spaces, student services, or academic support services, a legible printed sign in English and Spanish at least eight and one-half (8.5) inches by eleven (11) inches in size that shall contain:

(a) A description of sexual extortion consistent with the definition in Section 1 of this Act;

(b) Contact information for state or local law enforcement for reporting or seeking assistance relating to sexual extortion;

(c) Contact information for federal law enforcement for reporting or seeking assistance relating to sexual extortion;

(d) Contact information for a national suicide prevention hotline; and

(e) The Uniform Resource Locator (URL), a Quick Response (QR) code, or similar resource to identify the website address for informational and support resources regarding sexual extortion provided by the National Center for Missing and Exploited Children or any federally funded successor entity.

Signed by Governor March 12, 2025.

CHAPTER 10

(SB 3)

AN ACT relating to student-athletes and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 164.6941 is amended to read as follows:

As used in KRS 164.6941 to 164.6951, unless context otherwise requires:

(1) ***"Affiliated corporation" means an entity created or designated by the governing board of an institution under KRS 164A.610 by adopted resolution***~~["Affiliated organization" means an entity whose primary purpose includes supporting or benefitting an institution or an institution's intercollegiate athletics program or an officer, director, or employee of such an entity]~~;

(2) "Agency contract" has the same meaning as in KRS 164.6903;

(3) "Athlete agent" has the same meaning as in KRS 164.6903;

(4) "Compensation" means anything of value, monetary or otherwise, including but not limited to cash, gifts, in-kind items of value, social media compensation, payments for licensing or use of publicity rights, payments for other intellectual or intangible property rights under federal or state law, and any other form of payment or remuneration, but shall exclude:

(a) Tuition, room, board, books, fees, and personal expenses that a postsecondary educational institution provides a student-athlete in accordance with the rules of the intercollegiate athletic association of which the institution is a member;

(b) Federal Pell Grants and other state and federal grants or scholarships unrelated to and not awarded because of a student-athlete's participation in intercollegiate athletics or sports competitions;

(c) Any other financial aid, benefits, or awards that an institution provides a student-athlete in accordance with the rules of the intercollegiate athletic association of which the institution is a member; or

(d) The payment of wages and benefits to a student-athlete by an institution for work actually performed, but not for athletic ability or participation in intercollegiate athletics, at a rate commensurate with the prevailing rate for similar work in the locality of the institution;

(5) "Enrolled" has the same meaning as in KRS 164.6903;

(6) "Image" means a picture or video of the student-athlete;

(7) ***"Institutional agreement" means a written contract or agreement between a student-athlete and an institution or its affiliated corporations that gives compensation to the athlete, including but not limited to sharing revenue as permitted or as required by a legal settlement or applicable law. Such compensation may be in exchange for the use of the student athlete's name, image, or likeness, institutional brand promotion, or other rights;***

(8) "Intercollegiate athletic association" or "association" means any athletic association, athletic conference, or other similar organization which acts as an organizing, sanctioning, scheduling, or rule-making body of intercollegiate athletic events in which postsecondary educational institutions take part, or an officer, director, or employee of such entities;

(9)~~[(8)]~~ "Intercollegiate athletics" has the same meaning as "intercollegiate sport" in KRS 164.6903;

(10)~~[(9)]~~ "Likeness" means a physical, digital, or other depiction or representation of the student-athlete;

(11)~~[(10)]~~ "Name" means the first, middle, or last name, or nickname of the student-athlete when used in a context that reasonably identifies the student-athlete with particularity, which may include a team number, symbol, logo, or brand;

(12)~~[(11)]~~ "Name, image, and likeness agreement" or "NIL agreement" means a written contract or agreement between a student-athlete and a third party that gives compensation to the athlete in exchange for the use of the athlete's name, image, or likeness;

(13)~~[(12)]~~ "Official team activities" means activities a postsecondary educational institution requires a student-athlete to participate in as part of ***an institutional agreement or other***~~[a]~~ written team contract that includes but is not limited to games, practices, exhibitions, scrimmages, trainings, meetings, team appearances, team photograph and video sessions, individual photograph and video sessions, media interviews and appearances, marketing activities, team travel, and institutional camps and clinics;

(14)~~[(13)]~~ "Postsecondary educational institution" or "institution" means a public or private Kentucky college, university, or community college that participates in intercollegiate athletics, or an officer, director, or employee of such institutions;

(15) "Prevailing range of compensation" means a range of compensation for a valid business purpose related to the promotion or endorsement of goods or services provided to the general public for profit, with compensation at rates and terms commensurate with compensation paid to similarly situated student-athletes who are not current or prospective student-athletes at the institution~~[(14) "Prevailing market rate" means a rate that is tethered to the value of the consideration the student athlete provides in an NIL agreement and that is reasonable based on a comparison with:~~

~~(a) Student-athletes of similar skill and experience in that sport;~~

~~(b) Student-athletes of similar notoriety; and~~

~~(c) NIL agreement compensation in similar markets~~];

(16)~~[(15)]~~ "Prospective student-athlete" means a person who is not currently enrolled in a postsecondary educational institution but has been identified by that institution for possible recruitment and participation in intercollegiate athletics;

(17)~~[(16)]~~ "Recruit" or "recruitment" means to attempt to influence a person's choice of postsecondary educational institution;

(18)~~[(17)]~~ "Student-athlete" means a person who:

(a) Has entered into ***an institutional agreement or other***~~[a]~~ contract to enroll and participate in intercollegiate athletics as an athlete at an institution; or

(b) Is enrolled and participates as an athlete in intercollegiate athletics at an institution; and

(19)~~[(18)]~~ "Third party" means a person or entity, other than an institution, affiliated ***corporation***~~[organization]~~, or an association, that offers, solicits, or enters into an NIL agreement.

➔Section 2. KRS 164.6943 is amended to read as follows:

(1) An institution or an association shall not prohibit a student-athlete from lawfully earning compensation through a name, image, and likeness agreement with a third party***, except as otherwise agreed to in an***

institutional agreement between the student-athlete and the institution or affiliated organization, or from obtaining an athlete agent and shall not penalize an athlete for doing so. ***However, an institution or an intercollegiate athletic association may require that compensation be consistent with the prevailing range of compensation.***

(2) An institution shall not revoke a student-athlete's scholarship or allow eligibility for a scholarship to be adversely impacted because of an athlete lawfully earning compensation through an NIL agreement or obtaining an athlete agent, unless the athlete has violated a reasonable restriction imposed by the institution under KRS 164.6947. However, a student-athlete's need-based financial assistance or an academic scholarship based in part on financial need may be affected by the income generated by ***an institutional agreement or*** an NIL agreement.

(3) An association shall not prohibit an institution from participating in intercollegiate athletics due to an institution's student-athlete lawfully earning compensation through an NIL agreement with a third party or obtaining an athlete agent and shall not penalize an institution for its student-athlete doing so.

➔Section 3. KRS 164.6945 is amended to read as follows:

(1) A student-athlete may receive compensation for the use of the athlete's name, image, or likeness through a name, image, and likeness agreement with a third party. Such compensation shall be consistent with ***the*** prevailing ***range of compensation for*** ~~[market rate of]~~ the authorized use of the athlete's name, image, or likeness.

(2) ***A student-athlete may receive compensation from an institution or its affiliated corporation including but not limited to sharing revenue as permitted or required by a legal settlement or applicable law, by entering into a written institutional agreement with the institution or affiliated corporation. Such compensation may be in exchange for the use of the student-athlete's name, image, or likeness, institutional brand promotion, or other rights*** ~~[(a) A person or entity shall not give or promise compensation for the use of the name, image, or likeness of a current or prospective student-athlete to recruit or induce the athlete to enroll at any Kentucky institution.~~

~~(b) A person or entity, regardless of residence, shall not give or promise compensation for the use of the name, image, or likeness of a student-athlete enrolled at a Kentucky institution or of a prospective student-athlete who has entered into an enrollment contract with a Kentucky institution with the purpose of recruiting or inducing the student-athlete to enroll at another postsecondary educational institution, regardless of the institution's location~~].

(3) ***An institution or affiliated corporation may designate, through contract, sublicense or other written agreement, a media rights holder or one (1) or more other third parties with whom an institution's student-athletes may directly enter into NIL agreements consistent with the prevailing range of compensation*** ~~[An institution, association, or affiliated organization shall not:~~

~~(a) Give or promise compensation for the use of an athlete's name, image, or likeness;~~

~~(b) Direct compensation to be given for the use of the athlete's name, image or likeness; or~~

~~(c) Negotiate any part of an NIL agreement on behalf of a prospective student-athlete~~].

(4) A student-athlete shall not enter into an NIL agreement to receive compensation from a third party relating to the endorsement or promotion of:

(a) Sports betting;

(b) A controlled substance;

(c) A substance the student-athlete's intercollegiate athletic association forbids the athlete from using;

(d) Adult entertainment; or

(e) Products or services that would be illegal for the student-athlete to possess or receive.~~[~~

~~(5) The provisions of subsections (2) and (3) of this section shall apply to NIL agreement activities only to the extent that an intercollegiate athletic association may lawfully regulate or restrict a student-athlete's agreements to receive compensation in exchange for his or her name, image, or likeness in a manner identical or substantially similar to that set forth in subsection (2) and (3) of this section, including as currently or may be in the future modified by a court of competent jurisdiction, and the intercollegiate athletic association chooses to do so.~~]

➔Section 4. KRS 164.6947 is amended to read as follows:

(1) Due to the critical mission of postsecondary educational institutions and the importance of integrity in an institution's participation in intercollegiate athletics, the governing board of an institution may adopt a policy governing the name, image, and likeness agreements of the institution's student-athletes. Any restrictions included in the policy shall be reasonable and shall not be an undue burden on the student-athlete's ability to earn compensation through NIL agreements. Reasonable restrictions shall be in writing and provided to all student-athletes. The institution's policy shall ensure the equitable enforcement of restrictions. Reasonable restrictions that an institution may choose to impose include but are not limited to:

(a) Prohibiting a student-athlete from entering into an NIL agreement for products or services that are reasonably considered to conflict with the mission of the institution, in the same manner as any other student would be prohibited;

(b) Forbidding or establishing the conditions for the institution's student-athletes' use of the institution's intellectual property, such as trademarks, trade dress, and copyrights, in NIL agreement activities. These conditions may include preferential conditions for activities involving the institution's partner entities;

(c) Prohibiting a student-athlete from entering into any NIL agreement that would cause the athlete to miss an official team activity;

(d) Restricting a student-athlete's NIL agreement activities during official team activities;

(e) Requiring a student-athlete to participate in official team activities pursuant to the ***institutional agreement or other*** written team contract, which may include the use of the name, image, or likeness of the athlete; and

(f) Imposing disciplinary action under team, institution, or athletic association rules if a student-athlete violates the provisions of KRS 164.6941 to 164.6951 or violates a reasonable restriction.

(2) (a) A student-athlete who wishes to enter into an NIL agreement ***with a third party*** shall submit the potential agreement to an official designated by the institution in which the student is enrolled in a manner designated by the institution. The institution shall have up to three (3) business days to review the potential NIL agreement for conflicts with the provisions of KRS 164.6941 to 164.6951 or the institution's reasonable restrictions and provide the student-athlete with a written notice of any conflicts identified by the institution. The written notice from the institution may include recommendations or identify concerns. After any conflicts are resolved, the student-athlete may then enter into the agreement. Any subsequent proposed modifications to the agreement shall be submitted for review in the same manner.

(b) The governing board of the institution shall adopt a policy to carry out the provisions of this subsection that:

1. Designates the official to receive NIL agreement submissions;

2. Establishes NIL agreement review procedures;

3. Provides student-athletes with a process to appeal conflict determinations; and

4. Ensures review of appeals in a timely manner.

(3) An institution's employees, including athletics coaching staff, ***or an affiliated corporation's employees,*** shall not be liable for any damages to a student-athlete's ability to earn compensation through an NIL agreement ***with a third party*** resulting from decisions and actions routinely taken in the course of intercollegiate athletics. However, nothing in this subsection shall protect ~~[the institution or its]~~employees from acts of gross negligence, or wanton, willful, malicious, or intentional misconduct.

(4) An institution shall provide the institution's student-athletes with a financial literacy and life skills education workshop for a minimum of five (5) hours at the beginning of the athlete's first and third academic years. The education shall, at a minimum, include information concerning financial aid, debt management, saving and budgeting best practices, time management, available academic resources, and the skills necessary for success as a student-athlete. The workshop shall also provide social media and brand management education. The workshop shall not include any marketing, advertising, or referral for, or solicitation by, providers of financial, marketing, branding, or other NIL agreement products or services.

(5) An institution's governing board may establish a program to provide NIL agreement resources and ongoing support to the institution's student-athletes. The mission and the extent of the program shall be established by the governing board and may include:

(a) Providing impartial analysis of potential NIL agreements;

(b) Referring third parties soliciting potential NIL agreements to student-athletes or their athlete agents; and

(c) Maintaining educational resources on name, image, and likeness for student-athlete use.

(6) An institution's governing board may establish a program to provide NIL agreement resources as it relates to student-athletes to the general public and potential third-party licensees.

(7) For the purposes of the Kentucky Open Records Act, KRS 61.870 to 61.884, ***a student-athlete's institutional agreement or*** an NIL agreement submitted pursuant to subsection (2) of this section to a public postsecondary institution and the information obtained from the agreement shall be considered as containing information of a personal nature where the public disclosure thereof would constitute a clearly unwarranted invasion of personal privacy under KRS 61.878 and not subject to disclosure.

➔Section 5. KRS 164.6949 is amended to read as follows:

Nothing in KRS 164.6941 to 164.6951 shall be interpreted as:

(1) Waiving the immunity of any public postsecondary educational institution or its employees, agents, or authorized volunteers ***beyond any waiver for actions brought on a written institutional agreement under KRS 45A.245***;

(2) Granting name, image, or likeness rights or requiring compensation for the use of the name, image, or likeness of any student-athlete prior to March 9, 2022;

(3) Establishing student-athletes as employees or independent contractors of an institution or an association; or

(4) Modifying the powers or waiving the rules or regulations of the Kentucky Board of Education or the agency designated to manage interscholastic athletics under KRS 156.070.

➔Section 6. KRS 164.6951 is amended to read as follows:

(1) For the purposes of this section, "student-athlete" shall have the same meaning as in KRS 164.6903.

(2) For all student-athletes enrolled in institutions within the Commonwealth, all ***institutional agreements,*** NIL agreements**,** and agency contracts shall be governed by the laws of the Commonwealth.

(3) The parent or guardian of a minor student-athlete may enter the minor into an NIL agreement or an agency contract on the minor's behalf. However, the minor shall reaffirm the NIL agreement or agency contract within thirty (30) days of reaching the age of eighteen (18) or the contract or agreement shall be revoked.

(4) A student-athlete ***or prospective student-athlete*** shall reaffirm an NIL agreement or an agency contract, either of which was formed or reaffirmed ***before or*** while the student-athlete was participating in intercollegiate athletics at an institution, within thirty (30) days of the student-athlete no longer participating in intercollegiate athletics at that institution or the contract or agreement shall be revoked.

➔Section 7. KRS 156.070 is amended to read as follows:

(1) The Kentucky Board of Education shall have the management and control of the common schools and all programs operated in these schools, including interscholastic athletics, the Kentucky School for the Deaf, the Kentucky School for the Blind, and community education programs and services.

(2) The Kentucky Board of Education may designate an organization or agency to manage interscholastic athletics in the common schools, provided that the rules, regulations, and bylaws of any organization or agency so designated shall be approved by the board, and provided further that any administrative hearing conducted by the designated managing organization or agency shall be conducted in accordance with KRS Chapter 13B.

(a) The state board or its designated agency shall assure through promulgation of administrative regulations that if a secondary school sponsors or intends to sponsor an athletic activity or sport that is similar to a sport for which National Collegiate Athletic Association members offer an athletic scholarship, the school shall sponsor the athletic activity or sport for which a scholarship is offered. The administrative regulations shall specify which athletic activities are similar to sports for which National Collegiate Athletic Association members offer scholarships.

(b) Beginning with the 2003-2004 school year, the state board shall require any agency or organization designated by the state board to manage interscholastic athletics to adopt bylaws that establish as members of the agency's or organization's board of control one (1) representative of nonpublic member schools who is elected by the nonpublic school members of the agency or organization from regions one (1) through eight (8) and one (1) representative of nonpublic member schools who is elected by the nonpublic member schools of the agency or organization from regions nine (9) through sixteen (16). The nonpublic school representatives on the board of control shall not be from classification A1 or D1 schools. Following initial election of these nonpublic school representatives to the agency's or organization's board of control, terms of the nonpublic school representatives shall be staggered so that only one (1) nonpublic school member is elected in each even-numbered year.

(c) The state board or any agency designated by the state board to manage interscholastic athletics shall not promulgate rules, administrative regulations, or by laws that prohibit pupils in grades seven (7) to eight (8) from participating in any high school sports except for high school varsity soccer and football, or from participating on more than one (1) school-sponsored team at the same time in the same sport. The Kentucky Board of Education, or an agency designated by the board to manage interscholastic athletics, may promulgate administrative regulations restricting, limiting, or prohibiting participation in high school varsity soccer and football for students who have not successfully completed the eighth grade.

(d) 1. The state board or any agency designated by the state board to manage interscholastic athletics shall allow a member school's team or students to play against students of a nonmember at-home private school, or a team of students from nonmember at-home private schools, if the nonmember at-home private schools and students comply with this subsection.

2. A nonmember at-home private school's team and students shall comply with the rules for student-athletes, including rules concerning:

a. Age;

b. School semesters;

c. Scholarships;

d. Physical exams;

e. Foreign student eligibility; and

f. Amateurs.

3. A coach of a nonmember at-home private school's team shall comply with the rules concerning certification of member school coaches as required by the state board or any agency designated by the state board to manage interscholastic athletics.

4. This subsection shall not allow a nonmember at-home private school's team to participate in a sanctioned:

a. Conference;

b. Conference tournament;

c. District tournament;

d. Regional tournament; or

e. State tournament or event.

5. This subsection does not allow eligibility for a recognition, award, or championship sponsored by the state board or any agency designated by the state board to manage interscholastic athletics.

6. A nonmember at-home private school's team or students may participate in interscholastic athletics permitted, offered, or sponsored by the state board or any agency designated by the state board to manage interscholastic athletics.

(e) Every local board of education shall require an annual medical examination performed and signed by a physician, physician assistant, advanced practice registered nurse, or chiropractor, if performed within the professional's scope of practice, for each student seeking eligibility to participate in any school athletic activity or sport. The Kentucky Board of Education or any organization or agency designated

by the state board to manage interscholastic athletics shall not promulgate administrative regulations or adopt any policies or bylaws that are contrary to the provisions of this paragraph.

(f) Any student who turns nineteen (19) years of age prior to August 1 shall not be eligible for high school athletics in Kentucky. Any student who turns nineteen (19) years of age on or after August 1 shall remain eligible for that school year only. An exception to the provisions of this paragraph shall be made, and the student shall be eligible for high school athletics in Kentucky if the student:

1. Qualified for exceptional children services and had an individual education program developed by an admissions and release committee (ARC) while the student was enrolled in the primary school program;

2. Was retained in the primary school program because of an ARC committee recommendation; and

3. Has not completed four (4) consecutive years or eight (8) consecutive semesters of eligibility following initial promotion from grade eight (8) to grade nine (9).

(g) The state board or any agency designated by the state board to manage interscholastic athletics shall promulgate administrative regulations or bylaws that provide that:

1. A member school shall designate all athletic teams, activities, and sports for students in grades six (6) through twelve (12) as one (1) of the following categories:

   a. "Boys";

   b. "Coed"; or

   c. "Girls";

2. The sex of a student for the purpose of determining eligibility to participate in an athletic activity or sport shall be determined by:

   a. A student's biological sex as indicated on the student's original, unedited birth certificate issued at the time of birth; or

   b. An affidavit signed and sworn to by the physician, physician assistant, advanced practice registered nurse, or chiropractor that conducted the annual medical examination required by paragraph (e) of this subsection under penalty of perjury establishing the student's biological sex at the time of birth;

3. a. An athletic activity or sport designated as "girls" for students in grades six (6) through twelve (12) shall not be open to members of the male sex.

   b. Nothing in this section shall be construed to restrict the eligibility of any student to participate in an athletic activity or sport designated as "boys" or "coed"; and

4. Neither the state board, any agency designated by the state board to manage interscholastic athletics, any school district, nor any member school shall entertain a complaint, open an investigation, or take any other adverse action against a school for maintaining separate interscholastic or intramural athletic teams, activities, or sports for students of the female sex.

(h) 1. The state board or any agency designated by the state board to manage interscholastic athletics shall promulgate administrative regulations that permit a school district to employ or assign nonteaching or noncertified personnel or personnel without postsecondary education credit hours to serve in a coaching position. The administrative regulations shall give preference to the hiring or assignment of certified personnel in coaching positions.

2. A person employed in a coaching position shall be a high school graduate and at least twenty-one (21) years of age and shall submit to a criminal background check in accordance with KRS 160.380.

3. The administrative regulations shall specify post-hire requirements for persons employed in coaching positions.

4. The regulations shall permit a predetermined number of hours of professional development training approved by the state board or its designated agency to be used in lieu of postsecondary education credit hour requirements.

5. A local school board may specify post-hire requirements for personnel employed in coaching positions in addition to those specified in subparagraph 3. of this paragraph.

(i) Unless permitted to be eligible for varsity athletics by any transfer rule, policy, or administrative regulation promulgated by the state board or any agency designated by the state board to manage interscholastic athletics, any student who transfers enrollment from a district of residence to a nonresident district under KRS 157.350(4)(b) after enrolling in grade nine (9) and participating in a varsity sport shall be ineligible to participate in interscholastic athletics for one (1) calendar year from the date of the transfer. The state board or any agency designated by the state board to manage interscholastic athletics may adopt rules, policies, and bylaws and promulgate administrative regulations necessary to carry out this paragraph.

(j) No member school shall grant a student-athlete the right to use the member school's ***property, or*** intellectual property, such as trademarks, school uniforms, and copyrights, in the student's earning of compensation through name, image, and likeness activities. No student-athlete shall use ***school property or*** such intellectual property in earning compensation through name, image, and likeness activities. The state board or any agency designated by the state board to manage interscholastic athletics shall promulgate administrative regulations to govern and enforce this paragraph.

(3) (a) The Kentucky Board of Education is hereby authorized to lease from the State Property and Buildings Commission or others, whether public or private, any lands, buildings, structures, installations, and facilities suitable for use in establishing and furthering television and related facilities as an aid or supplement to classroom instruction throughout the Commonwealth and for incidental use in any other proper public functions. The lease may be for any initial term commencing with the date of the lease and ending with the next ensuing June 30, which is the close of the then-current fiscal biennium of the Commonwealth, with exclusive options in favor of the board to renew the same for successive ensuing bienniums, July 1 in each even year to June 30 in the next ensuing even year; and the rentals may be fixed at the sums in each biennium, if renewed, sufficient to enable the State Property and Buildings Commission to pay therefrom the maturing principal of and interest on, and provide reserves for, any revenue bonds which the State Property and Buildings Commission may determine to be necessary and sufficient, in agreement with the board, to provide the cost of acquiring the television and related facilities with appurtenances and costs as may be incident to the issuance of the bonds.

(b) Each option of the Kentucky Board of Education to renew the lease for a succeeding biennial term may be exercised at any time after the adjournment of the session of the General Assembly at which appropriations shall have been made for the operation of the state government for such succeeding biennial term, by notifying the State Property and Buildings Commission in writing, signed by the chief state school officer, and delivered to the secretary of the Finance and Administration Cabinet as a member of the commission. The option shall be deemed automatically exercised, and the lease automatically renewed for the succeeding biennium, effective on the first day thereof, unless a written notice of the board's election not to renew shall have been delivered in the office of the secretary of the Finance and Administration Cabinet before the close of business on the last working day in April immediately preceding the beginning of the succeeding biennium.

(c) The Kentucky Board of Education shall not itself operate leased television facilities, or undertake the preparation of the educational presentations or films to be transmitted thereby, but may enter into one (1) or more contracts to provide therefor, with any public agency and instrumentality of the Commonwealth having, or able to provide, a staff with proper technical qualifications, upon which agency and instrumentality the board, through the chief state school officer and the Department of Education, is represented in such manner as to coordinate matters of curriculum with the curricula prescribed for the public schools of the Commonwealth. Any contract for the operation of the leased television or related facilities may permit limited and special uses of the television or related facilities for other programs in the public interest, subject to the reasonable terms and conditions as the board and the operating agency and instrumentality may agree upon; but any contract shall affirmatively forbid the use of the television or related facilities, at any time or in any manner, in the dissemination of political propaganda or in furtherance of the interest of any political party or candidate for public office, or for commercial advertising. No lease between the board and the State Property and Buildings Commission shall bind the board to pay rentals for more than one (1) fiscal biennium at a time, subject to the aforesaid renewal options. The board may receive and may apply to rental payments under any lease and to the cost of providing for the operation of the television or related facilities not only appropriations which may be made to it from state funds, from time to time, but also contributions, gifts, matching funds, devises, and bequests from any source, whether federal or state, and whether

public or private, so long as the same are not conditioned upon any improper use of the television or related facilities in a manner inconsistent with the provisions of this subsection.

(4) The state board may, on the recommendation and with the advice of the chief state school officer, prescribe, print, publish, and distribute at public expense such administrative regulations, courses of study, curriculums, bulletins, programs, outlines, reports, and placards as each deems necessary for the efficient management, control, and operation of the schools and programs under its jurisdiction. All administrative regulations published or distributed by the board shall be enclosed in a booklet or binder on which the words "informational copy" shall be clearly stamped or printed.

(5) Upon the recommendation of the chief state school officer or his or her designee, the state board shall establish policy or act on all matters relating to programs, services, publications, capital construction and facility renovation, equipment, litigation, contracts, budgets, and all other matters which are the administrative responsibility of the Department of Education.

➔Section 8. Whereas the mission and successful operation of the state's postsecondary educational institutions requires clear guidelines for the regulation of student-athlete compensation in intercollegiate athletics, an emergency is declared to exist, and this Act take effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 13, 2025.

CHAPTER 11

(SB 87)

AN ACT relating to aviation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 183 IS CREATED TO READ AS FOLLOWS:

(1) Any air board that operates a commercial airport serving more than one million (1,000,000) passengers annually may:

(a) Use small purchase procedures established by the Federal Aviation Administration for expenditures that do not exceed the simplified acquisition threshold identified in 2 C.F.R. sec. 200.88; and

(b) Purchase goods or services directly from vendors who maintain General Services Administration price agreements with the United States pursuant to 40 U.S.C. sec. 502.

(2) Any air board operating under the provisions of subsection (1) of this section shall be exempt from the requirements of KRS 45A.345 to 45A.460 and 424.260 for purchases outlined in Section 2 of this Act.

➔Section 2. KRS 82.084 is amended to read as follows:

KRS 45A.345 to 45A.460 and 424.260 shall not apply to city governments, urban-county governments,~~[or]~~ consolidated local governments***, or air boards identified in and operating under the provisions of subsection (1) of Section 1 of this Act*** for the purchase of:

(1) Products or services when there is a single source of the product or service to be procured within a reasonable geographic area;

(2) Products needed as replacement parts for personal property or equipment where the need cannot be reasonably anticipated and maintaining an inventory of replacement parts is not feasible; and

(3) Products or services that are provided by:

(a) Entities recognized by the Office of Vocational Rehabilitation under KRS Chapter 163 that operate programs for the rehabilitation of individuals who are blind or visually impaired;

(b) Agencies for individuals with severe disabilities as described in KRS 45A.465;

(c) A qualified veterans' workshop providing job and employment-skill training to veterans where such a workshop is operated by the United States Department of Veterans Affairs;

(d) Nonprofit organizations, employment services organizations, or other private business organizations with established operations within the jurisdiction of the city, urban-county government, or consolidated local government with the main mission or business purpose of serving individuals with disabilities by offering transitional or supported employment services or other rehabilitative programs and services, including but not limited to serving individuals with severe mental or physical disabilities or those recovering from substance abuse disorders; or

(e) Nonprofit community service organizations operating within the jurisdiction of the city, urban-county government, or consolidated local government when there is a determination in the official record of the legislative body that the purchase of the products or services would serve a mutual benefit to the government and the organization by:

1. Furthering the purposes of the organization;

2. Providing a service or product needed by the government;

3. Advancing a specific public purpose; and

4. Serving the best interest of the public.

If two (2) or more organizations meet the qualifications set out in this paragraph, then the government shall award the contract to one (1) of the qualifying organizations using the selection criteria of its adopted competitive bidding process.

➔Section 3. KRS 183.525 is amended to read as follows:

(1) The ~~["]~~Kentucky aviation economic development fund~~"]~~ is established in the State Treasury. Beginning on July 1, 2000, all receipts collected under KRS Chapter 139 from the sales or use tax on aviation jet fuel shall be deposited in this fund.

(2) The fund may also receive state appropriations, gifts, grants, and federal funds and shall include earnings from investments of moneys from the fund.

(3) Any fund balance at the close of the fiscal year shall not lapse but shall be carried forward to the next fiscal year.

(4) The~~[Transportation]~~ cabinet shall use all moneys deposited in the fund or accruing to the fund for the development, rehabilitation, and maintenance of publicly owned or operated aviation facilities and for other aviation programs within the Commonwealth that will benefit publicly owned or operated aviation facilities.

(5) The cabinet shall be prohibited from expending moneys deposited in the fund for administrative costs incurred by the cabinet or for any purpose other than the development, rehabilitation, and maintenance of publicly owned or operated aviation facilities and other aviation programs benefiting publicly owned or operated aviation facilities.

(6) The cabinet shall, no later than October 1 of each year, submit a report on the use of funds in the Kentucky aviation economic development fund for the previous fiscal year to the General Assembly through the Legislative Research Commission.

➔Section 4. KRS 183.990 is amended to read as follows:

(1) Any person violating any of the provisions of this chapter with respect to operation of aircraft, or violating the provisions of any rule, regulation, or ordinance adopted under KRS 183.133(6), shall be fined not less than ***fifty dollars ($50)***~~[ten dollars ($10)]~~ nor more than one ***thousand dollars ($1,000)***~~[hundred dollars ($100)]~~ or imprisoned not more than ninety (90) days or both.

(2) Each violation of the statutes pertaining to the state airport zoning commission or of any order, rule, or regulation promulgated pursuant thereto shall be punishable by a fine of not less than one hundred dollars ($100) nor more than five hundred dollars ($500) or imprisonment for not more than thirty (30) days or both and each day a violation continues to exist shall constitute a separate offense.

(3) Any person who violates the provisions of KRS 183.886 shall be fined not less than fifty dollars ($50) nor more than one thousand dollars ($1,000) or shall be imprisoned in the county jail for not less than ten (10) nor more than ninety (90) days, or both.

(4) Any person who violates the provisions of KRS 183.086 or 183.887(2) shall be guilty of:

(a) A Class A misdemeanor; or

(b) A Class D felony, if the violation causes a significant change of course or a serious disruption to the safe travel of the aircraft that threatens the physical safety of the passengers and crew of the aircraft.

➔Section 5. KRS 183.011 is amended to read as follows:

As used in this chapter:

(1) "Aeronautics" means the science and art of flight and includes but is not limited to transportation by aircraft; the operation, construction, repair, or maintenance of aircraft, aircraft power plants, and accessories, including the repair, packing, and maintenance of parachutes; the design, establishment, construction, extension, operation, improvement, repair, or maintenance of airports or other air navigation facilities; and instruction in flying or ground subjects pertaining thereto***;*** ~~[.]~~

(2) "Aircraft" means any contrivance now known, or hereafter invented, used or designed for navigation of or flight in the air***;*** ~~[.]~~

(3) "Air navigation" means the operation or navigation of aircraft in the air space over this state, or upon any airport within this state***;*** ~~[.]~~

(4) "Airport" means any area, of land or water, which is designed for the landing and take-off of aircraft, whether or not facilities are provided for the shelter, servicing, or repair of aircraft, or for receiving or discharging passengers or cargo, and all appurtenant areas used or suitable for airport building or other airport facilities, and all appurtenant rights-of-way, whether theretofore or hereinafter established***;*** ~~[.]~~

(5) "Airport board," "***air board***~~[airboard]~~," or "board" means a board established as provided in this chapter and any airport board or ***air board***~~[airboard]~~ created pursuant to the provisions of KRS Chapter 183 as it existed prior to the enactment of 1960 Ky. Acts ch. 179 shall be deemed to have been established pursuant to this chapter with all of the powers, functions, and duties as herein prescribed***;*** ~~[.]~~

(6) "Airport facilities" includes land, buildings, equipment, runways, and other improvements and appurtenances necessary for the establishment and maintenance of airports***;*** ~~[.]~~

(7) "Airport hazard" means any structure, object, or natural growth, or use of land, which obstructs the air space required for the flight of aircraft in landing or taking off at any airport or is otherwise hazardous to such landing or taking off***;*** ~~[.]~~

(8) "Certificate" means a certificate issued by the cabinet***;*** ~~[.]~~

(9) "Civil aircraft" means any aircraft other than a public aircraft***;*** ~~[.]~~

(10) "Charter operator" means all persons who transport or seek to transport persons or property in intrastate commerce for hire on unscheduled service and not between fixed points***;*** ~~[.]~~

(11) "Commercial airport" means an airport certified by the Federal Aviation Administration in accordance with 14 C.F.R. pt. 139***;*** ~~[.]~~

(12) "Common carrier" shall include all carriers for hire or compensation by air who operate, or seek to operate, over fixed routes or between fixed termini within the Commonwealth of Kentucky***;*** ~~[.]~~

(13) "Commuter air carrier" means a common carrier of persons or property in intrastate commerce for hire or compensation by air, operating under ***14 C.F.R. pt.***~~[federal aviation regulation (FAR) Part]~~ 135 or other appropriate parts or regulations and who operates or seeks to operate on regular schedules with multi-engine aircraft between two (2) or more fixed airport termini or over fixed routes only within the Commonwealth of Kentucky and publishes flight schedules which specify the times, days of week, and places between which such flights are performed***;*** ~~[.]~~

(14) "Development" and "airport development" mean:

(a) Any work involved in planning, designing, constructing, improving, or repairing a public airport or portion thereof, including the construction, alteration, and repair of airport buildings and the removal, lowering, relocation, and marking and lighting of airport hazards; and

(b) Any acquisition of land, or any interest therein, or of any easement through or other interest in air space which is necessary to permit any required work or to remove, mitigate, prevent, or limit the establishment of airport hazards and expenses incident to the carrying out of the provisions of this chapter***;*** ~~[.]~~

(15) "General aviation airport" means any public-use airport that:

(a) Does not have scheduled passenger service; or

(b) Is not inspected and certified by the Federal Aviation Administration~~[(FAA)]~~ for commercial or scheduled air service in accordance with 14 C.F.R. pt. 139***;***~~[.]~~

(16) "Navigable air space" means air space above the minimum altitudes of flight prescribed by the regulations of the Federal Aviation Administration or cabinet consistent therewith, and includes the air space necessary for normal landing or take off of aircraft***;***~~[.]~~

(17) "Operate," as pertains to an unmanned aircraft, means the actions taken by an operator of an unmanned aircraft. "Operate" refers only to the actions of an operator on the ground and is not intended to regulate an unmanned aircraft flying in navigable airspace***;***~~[.]~~

(18) "Operation of aircraft" or "operate aircraft" means the use, navigation, or piloting of aircraft in the air space over this state, or upon any airport within this state. Any person who causes or authorizes the operation of aircraft, whether with or without the right of legal control as owner, lessee, or otherwise of the aircraft, shall be deemed to be engaged in the operation of aircraft within the meaning of the statutes of this state***;***~~[.]~~

(19) "Operator" means a person operating or flying an unmanned aircraft***;***~~[.]~~

(20) "Overhead line" means any cable, pipeline, wire, or similar substance of any kind or description***;***~~[.]~~

(21) "Permit" means a permit issued by the cabinet***;***~~[.]~~

(22) "Public aircraft" means an aircraft used exclusively in the service of any government or of any political subdivision thereof, including the government of the state, territory, or possession of the United States, or the District of Columbia, but not including any government-owned aircraft engaged in carrying persons or property for commercial purposes***;***~~[.]~~

(23) "Public airport" means any airport which is used or to be used for public purposes under the control of a public agency, the landing area of which is publicly owned***;***~~[.]~~

(24) "Public use airport" means any airport in the state airport plan open for use by the general public, not including a private airport used primarily for the benefit of the owner***;***~~[.]~~

(25) "State airport plan" means the plan of the cabinet for the development of public and certain private airports for the benefit of the people of this state***;***~~[.]~~

(26) "State airway" means a route in the navigable air space over the lands or waters of this state, designated by the cabinet as a route suitable for air navigation***;***~~[.]~~

(27) "Structure" means any object constructed or installed by man, including but not limited to buildings, towers, smokestacks, and overhead transmission lines***;***~~[.]~~

(28) "Tree" includes objects of natural growth***;***~~[.]~~

(29) "Unmanned aircraft" means an aircraft operated without the possibility of direct human intervention from within or on the aircraft***; and***~~[.]~~

(30) "Unmanned aircraft facility map" means a map that may be developed by a commercial airport to display the airport facility's airspace overlaid with latitude and longitude rectangular gridlines, or any other commercially available system, that reflects the areas where it is unsafe to operate an unmanned aircraft without authorization by the commercial airport operator on property owned by a commercial airport and in specific areas consistent with obstructions to navigation under 14 C.F.R. pt. 77.

➔Section 6. KRS 183.012 is amended to read as follows:

As used in this chapter:

(1) "City" means any incorporated city;

(2) ~~[As used in this chapter,]~~"Governmental unit" means any city, or the combination of any two (2) or more thereof, or any county, urban-county government, or combination of two (2) or more such counties, city or cities, acting jointly with any county or counties or an ***air board***~~[airboard]~~ or board established as provided in this chapter;

(3) ~~[As used in this chapter,]~~"Ordinance," in the case of a county, means resolution of the county legislative body, and in the case of an airport board or ***air board***~~[airboard]~~ means a resolution or regulation of the board***;***~~[.]~~

(4) "State" or "this state" means the Commonwealth of Kentucky; ***and***

(5) "Person" means any individual, firm, partnership, corporation, company, association, joint stock association, or body politic; and includes any trustee, receiver, assignee, or other similar representative thereof.

➔Section 7. KRS 183.120 is amended to read as follows:

(1) The cabinet may acquire or dispose by contract, purchase, lease, donation, condemnation or otherwise, airports, buildings, runways, grounds and other facilities suitable for airport purposes and the proper safeguards to flying where such acquisition or disposal shall be in the public interest.

(2) The cabinet may make additions and improvements to~~[such]~~ airports~~[,]~~ or facilities**,** and either alone or with the cooperation of others**,** provide personnel, heat, light, water, fuel, telephone service, drainage, runways, fueling facilities, radio and navigation facilities, and other costs of operation and maintenance, including insurance, and may bear the expense of removal or change of obstructions that menace air travel.

(3) The cabinet may enter into contracts of lease for land or facilities to which title is vested in the Commonwealth with any city, or cities, county, or counties, governmental unit, political subdivision, ***air board***~~[airboard]~~ or person for the furtherance of the purposes of this chapter. All rents or revenues derived from ***any***~~[such]~~ contracts of lease shall become the property of the cabinet to be expended by it in carrying out the purposes of this chapter.

(4) The cabinet may give such advice and assistance, including financial aid, engineering and technical assistance within the limits of its resources as it deems advisable, to enable any governmental unit or board to acquire, construct, expand, maintain and operate airports or otherwise assist in the development of aeronautics within their limits.~~[Such]~~ Aid may include the exercise of the cabinet's power of eminent domain, if such usage is requested by the governmental unit or board. Where such eminent domain powers are utilized, title to acquire property may vest in the governmental unit.

➔Section 8. The following KRS section is repealed:

183.085 Unmanned aircraft facility map for commercial airport.

➔Section 9. (1) By December 1, 2025, the Council on Postsecondary Education, in coordination with the Kentucky Transportation Cabinet, shall conduct, complete, and submit to the Legislative Research Commission for referral to the appropriate interim joint committee, a study to identify the procedures and resources necessary to establish a program at one or more public postsecondary education institutions that leads to a credential recognized by the Federal Aviation Administration for employment within the field of air traffic control or air traffic safety. The study shall evaluate each public postsecondary education institution's ability to support a program, and identify the institutions with the necessary capacity to support a program. The study shall also evaluate the potential for a Federal Aviation Administration Academy to be established and located at a public postsecondary education institution.

(2) By December 1, 2025, the Council on Postsecondary Education shall notify the president and governing board of any institution identified as having the necessary capacity to support a program of the council's findings and, by January 1, 2026, an identified institution shall submit a request to the council to establish a program at the institution. The council shall provide support and resources requested by the institution to assist in submitting the request and developing the program.

(3) By June 30, 2026, the Council on Postsecondary Education shall approve the request submitted under subsection (2) of this section by a public postsecondary education institution to establish a program.

Signed by Governor March 14, 2025.

CHAPTER 12

(SB 18)

AN ACT relating to insurance requirements for certain vehicle business licensees.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 190.033 is amended to read as follows:

(1) Except as provided in subsection (4) of this section, a motor vehicle dealer's license, new recreational vehicle dealer's license, motor vehicle auction dealer's license, or wholesaler's license shall not be issued or renewed

unless the applicant or holder of the license ***has***~~[shall have]~~ on file with the commission an approved indemnifying bond or insurance policy ***that complies with subsection (2) of this section.***

(2) An indemnifying bond or insurance policy shall:

(a) ***Be*** issued by***:***

1. A surety company or insurance carrier authorized to transact business within the Commonwealth of Kentucky***; or***

2. A nonadmitted insurer in accordance with the requirements of Subtitle 10 of KRS Chapter 304;~~[.]~~

(b) ***Have a***~~[The]~~ term ***that is***~~[of the bond or policy shall be]~~ continuous and ***remains***~~[shall remain]~~ in full force until canceled under proper notice***;***

(c) ~~[. All bonds or policies shall]~~Be issued in the name of the holder or applicant for the dealer's license or wholesaler's license***;***~~[.]~~

(d) ~~[The bond or policy]~~For all dealers except automotive recycling dealers***, provide***~~[shall provide]~~ public liability and property damage coverage for the operation of any vehicle owned or being offered for sale by the dealer or wholesaler when being operated by the owner or seller, his ***or her*** agents, servants, employees, prospective customers, or other persons. In circumstances where a customer's or other person's vehicle is out of use because of breakdown, repair, or servicing and a motor vehicle is loaned, with or without consideration, the coverage mandated by this section shall be in excess of, and be deemed secondary to, the collision, bodily injury, and property damage liability coverage under a customer's or other person's own coverage for that person's own negligence; otherwise the coverage mandated by this section shall be primary***;***~~[.]~~

(e)~~[(2)]~~ ***Provide that*** the amount of ***coverage under the bond or policy is***~~[insurance shall be]~~ two hundred fifty thousand dollars ($250,000) for bodily injury or death of any one (1) person; five hundred thousand dollars ($500,000) for bodily injury or death in any one (1) accident; and two hundred fifty thousand dollars ($250,000) property damage***;***~~[.]~~

(f) ~~[The bond or policy]~~For automotive recycling dealers***, provide***~~[shall provide]~~ commercial general liability coverage in the amount of two hundred fifty thousand dollars ($250,000) for bodily injury or death of any one (1) person; five hundred thousand dollars ($500,000) for bodily injury or death in any one (1) accident; and two hundred fifty thousand dollars ($250,000) property damage***; and***~~[.]~~

(g)~~[(3)]~~ ***Provide that the***~~[A]~~ bond or~~[insurance]~~ policy shall not be canceled unless fifteen (15) days' notice by the bondsman or insurance carrier has been given in writing to the commission.

(3) (a) Upon the cancellation of any ***required indemnifying*** bond or insurance policy~~[required]~~, the right to engage in the business of a motor vehicle dealer or wholesaler shall immediately abate.

(b) If the bond or insurance policy is reinstated within thirty (30) days from the date of cancellation, the rights granted by the license shall again be in force and effect; otherwise, the license shall become void.

(4) A dealer that has a certificate of authority from the Department of Insurance demonstrating proof of self-insurance is exempt from this section.

Signed by Governor March 15, 2025.

CHAPTER 13

(HB 473)

AN ACT relating to consumer data privacy.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 367.3613 (Effective January 1, 2026) is amended to read as follows:

(1) KRS 367.3611 to 367.3629 apply to persons that conduct business in the Commonwealth or produce products or services that are targeted to residents of the Commonwealth and that during a calendar year control or process personal data of at least:

(a) One hundred thousand (100,000) consumers; or

(b) Twenty-five thousand (25,000) consumers and derive over fifty percent (50%) of gross revenue from the sale of personal data.

(2) KRS 367.3611 to 367.3629 shall not apply to any:

(a) City, state agency, or any political subdivision of the state;

(b) Financial institutions, their affiliates, or data subject to Title V of the federal Gramm-Leach-Bliley Act, 15 U.S.C. sec. 6801 et seq.;

(c) Covered entity or business associate governed by the privacy, security, and breach notification rules issued by the United States Department of Health and Human Services, 45 C.F.R. pts. 160 and 164 established pursuant to HIPAA;

(d) Nonprofit organization;

(e) Institution of higher education;

(f) Organization that:

1. Does not provide net earnings to, or operate in any manner that inures to the benefit of, any officer, employee, or shareholder of the entity; and

2. Is an entity such as those recognized under KRS 304.47-060(1)(e), so long as the entity collects, processes, uses, or shares data solely in relation to identifying, investigating, or assisting:

a. Law enforcement agencies in connection with suspected insurance-related criminal or fraudulent acts; or

b. First responders in connection with catastrophic events; or

(g) Small telephone utility as defined in KRS 278.516, a Tier III CMRS provider as defined in KRS 65.7621, or a municipally owned utility that does not sell or share personal data with any third-party~~[processor]~~.

(3) The following information and data are exempt from KRS 367.3611 to 367.3629:

(a) Protected health information under HIPAA;

(b) Health records;

(c) Patient identifying information for purposes of 42 C.F.R. sec. 2.11;

(d) Identifiable private information for purposes of the federal policy for the protection of human subjects under 45 C.F.R. pt. 46; identifiable private information that is otherwise information collected as part of human subjects research pursuant to the good clinical practice guidelines issued by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use; the protection of human subjects under 21 C.F.R. pts. 50 and 56~~;[,]~~ or personal data used or shared in research conducted in accordance with the requirements set forth in KRS 367.3611 to 367.3629, or other research conducted in accordance with applicable law;

(e) Information and documents created for purposes of the federal Health Care Quality Improvement Act of 1986, 42 U.S.C. sec. 11101 et seq.;

(f) Patient safety work product for purposes of the federal Patient Safety and Quality Improvement Act, 42 U.S.C. sec. 299b-21 et seq.;

(g) Information derived from any of the health care-related information listed in this subsection that is de-identified in accordance with the requirements for de-identification pursuant to HIPAA;

(h) Information originating from, and intermingled to be indistinguishable from, or information treated in the same manner as information exempt under this subsection that is maintained by a covered entity or business associate, or a program or qualified service organization as defined by 42 C.F.R. sec. 2.11;

(i) ***Information collected by a health care provider who is a covered entity that maintains protected health information in accordance with HIPAA and related regulations, 45 C.F.R. pts. 160, 162, and 164;***

(j) Information included in a limited data set as described in 45 C.F.R. 164.514(e), to the extent the information is used, disclosed, and maintained as specified in 45 C.F.R. sec. 164.514(e);

(k) Information used only for public health activities and purposes as authorized by HIPAA;

(l) ~~[(j)]~~ The collection, maintenance, disclosure, sale, communication, or use of any personal information bearing on a consumer's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living by a consumer reporting agency, furnisher, or user that provides information for use in a consumer report, and by a user of a consumer report, but only to the extent that such activity is regulated by and authorized under the federal Fair Credit Reporting Act, 15 U.S.C. sec. 1681 et seq.;

(m) ~~[(k)]~~ Personal data collected, processed, sold, or disclosed in compliance with the federal Driver's Privacy Protection Act of 1994, 18 U.S.C. sec. 2721 et seq.;

(n) ~~[(l)]~~ Personal data regulated by the federal Family Educational Rights and Privacy Act, 20 U.S.C. sec. 1232g et seq.;

(o) ~~[(m)]~~ Personal data collected, processed, sold, or disclosed in compliance with the federal Farm Credit Act, 12 U.S.C. sec. 2001 et seq.;

(p) ~~[(n)]~~ Data processed or maintained:

1. In the course of an individual applying to, employed by, or acting as an agent or independent contractor of a controller, processor, or third party, to the extent that the data is collected and used within the context of that role;

2. As the emergency contact information of an individual used for emergency contact purposes; or

3. That is necessary to retain to administer benefits for another individual relating to the individual under subparagraph 1. of this paragraph and used for the purposes of administering those benefits;

(q) ~~[(o)]~~ Data processed by a utility, an affiliate of a utility, or a holding company system organized specifically for the purpose of providing goods or services to a utility as defined in KRS 278.010. For purposes of this paragraph, "holding company system" means two (2) or more affiliated persons, one (1) or more of which is a utility; and

(r) ~~[(p)]~~ Personal data collected and used for purposes of federal policy under the Combat Methamphetamine Epidemic Act of 2005.

(4) Controllers and processors that comply with the verifiable parental consent requirements of the Children's Online Privacy Protection Act, 15 U.S.C. sec. 6501 et seq., shall be deemed compliant with any obligation to obtain parental consent under KRS 367.3611 to 367.3629.

➔Section 2. KRS 367.3621 (Effective January 1, 2026) is amended to read as follows:

(1) Controllers shall conduct and document a data protection impact assessment of each of the following processing activities involving personal data:

(a) The processing of personal data for the purposes of targeted advertising;

(b) The processing of personal data for the purposes of selling of personal data;

(c) The processing of personal data for the purposes of profiling, where the profiling presents a reasonably foreseeable risk of:

1. Unfair or deceptive treatment of consumers or ***unlawful,*** disparate impact on consumers;

2. Financial, physical, or reputational injury to consumers;

3. A physical or other intrusion upon the solitude or seclusion, or the private affairs or concerns, of consumers, where an intrusion would be offensive to a reasonable person; or

4. Other substantial injury to consumers;

(d) The processing of sensitive data; and

(e) Any processing of personal data that presents a heightened risk of harm to consumers.

(2) Data protection impact assessments conducted under this section shall identify and weigh the benefits that may flow, directly and indirectly, from the processing to the controller, the consumer, other stakeholders, and the public against the potential risks to the rights of the consumer associated with such processing, as mitigated by safeguards that can be employed by the controller to reduce such risk. The use of de-identified data and the reasonable expectations of consumers, as well as the context of the processing of personal data and the relationship between the controller and the consumer whose personal data will be processed, shall be factored into this assessment by the controller.

(3) The Attorney General may request, pursuant to an investigative demand, that a controller disclose any data protection impact assessment that is relevant to an investigation conducted by the Attorney General, and the controller shall make the data protection impact assessment available to the Attorney General. The Attorney General may evaluate the data protection impact assessments for compliance with the requirements of KRS 367.3611 to 367.3629.

(4) Data protection impact assessments are confidential and exempt from disclosure, public inspection, and copying under KRS 61.870 to 61.884.

(5) The disclosure of a data protection impact assessment pursuant to a request from the Attorney General under subsection (3) of this section does not constitute a waiver of the attorney-client privilege or work product protection with respect to the assessment and any information contained in the assessment.

(6) A single data protection assessment may address a comparable set of processing operations that include similar activities.

(7) Data protection assessments conducted by a controller for the purpose of compliance with other laws or regulations may comply under this section if the assessments have a reasonably comparable scope and effect.

(8) Data protection assessment requirements shall apply to processing activities created or generated on or after June 1, 2026.

Signed by Governor March 15, 2025.

CHAPTER 14

(HB 242)

AN ACT relating to child dependency, neglect, and abuse reports.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 620.050 is amended to read as follows:

(1) Anyone acting upon reasonable cause in the making of a report or acting under KRS 620.030 to 620.050 in good faith shall have immunity from any liability, civil or criminal, that might otherwise be incurred or imposed. Any such participant shall have the same immunity with respect to participation in any judicial proceeding resulting from such report or action. However, any person who knowingly makes a false report and does so with malice shall be guilty of a Class A misdemeanor.

(2) Any employee or designated agent of a children's advocacy center shall be immune from any civil liability arising from performance within the scope of the person's duties as provided in KRS 620.030 to 620.050. Any such person shall have the same immunity with respect to participation in any judicial proceeding. Nothing in this subsection shall limit liability for negligence. Upon the request of an employee or designated agent of a children's advocacy center, the Attorney General shall provide for the defense of any civil action brought against the employee or designated agent as provided under KRS 12.211 to 12.215.

(3) Neither the husband-wife nor any professional-client/patient privilege, except the attorney-client and clergy-penitent privilege, shall be a ground for refusing to report under this section or for excluding evidence regarding a dependent, neglected, or abused child or the cause thereof, in any judicial proceedings resulting

from a report pursuant to this section. This subsection shall also apply in any criminal proceeding in District or Circuit Court regarding a dependent, neglected, or abused child.

(4) Upon receipt of a report of an abused, neglected, or dependent child pursuant to this chapter, the cabinet as the designated agency or its delegated representative shall initiate a prompt investigation or assessment of family needs, take necessary action, and shall offer protective services toward safeguarding the welfare of the child. The cabinet shall work toward preventing further dependency, neglect, or abuse of the child or any other child under the same care, and preserve and strengthen family life, where possible, by enhancing parental capacity for adequate child care. If an oral or written report, including but not limited to electronic submissions, alleging that a child is dependent, neglected, or abused is made pursuant to this section, and the cabinet determines that the report does not meet criteria for an investigation, the cabinet shall refer the family to appropriate community-based child and family service agencies for services to preserve and strengthen family life in accordance with the requirements in 42 U.S.C. sec. 5106a.

(5) The report of suspected child abuse, neglect, or dependency and all information obtained by the cabinet or its delegated representative, as a result of an investigation or assessment made pursuant to this chapter, except for those records provided for in subsection (6) of this section, shall not be divulged to anyone except:

(a) Persons suspected of causing dependency, neglect, or abuse;

(b) The custodial parent or legal guardian of the child alleged to be dependent, neglected, or abused;

(c) Persons within the cabinet with a legitimate interest or responsibility related to the case;

(d) A licensed child-caring facility or child-placing agency evaluating placement for or serving a child who is believed to be the victim of an abuse, neglect, or dependency report;

(e) Other medical, psychological, educational, or social service agencies, child care administrators, corrections personnel, or law enforcement agencies, including the county attorney's office, the coroner, and the local child fatality response team, that have a legitimate interest in the case;

(f) A noncustodial parent when the dependency, neglect, or abuse is substantiated;

(g) Members of multidisciplinary teams as defined by KRS 620.020 and which operate pursuant to KRS 431.600;

(h) Employees or designated agents of a children's advocacy center;

(i) Those persons so authorized by court order; or

(j) The external child fatality and near fatality review panel established by KRS 620.055.

(6) (a) Files, reports, notes, photographs, records, electronic and other communications, and working papers used or developed by a children's advocacy center in providing services under this chapter are confidential and shall not be disclosed except to the following persons:

1. Staff employed by the cabinet, law enforcement officers, and Commonwealth's and county attorneys who are directly involved in the investigation or prosecution of the case, including a cabinet investigation or assessment of child abuse, neglect, and dependency in accordance with this chapter;

2. Medical and mental health professionals listed by name in a release of information signed by the guardian of the child, provided that the information shared is limited to that necessary to promote the physical or psychological health of the child or to treat the child for abuse-related symptoms;

3. The court and those persons so authorized by a court order;

4. The external child fatality and near fatality review panel established by KRS 620.055;~~[and]~~

5. The parties to an administrative hearing conducted by the cabinet or its designee in accordance with KRS Chapter 13B in an appeal of a cabinet-substantiated finding of abuse or neglect. The children's advocacy center may, in its sole discretion, provide testimony in lieu of files, reports, notes, photographs, records, electronic and other communications, and working papers used or developed by the center if the center determines that the release poses a threat to the safety or well-being of the child, or would be in the best interests of the child. Following the administrative hearing and any judicial review, the parties to the administrative hearing shall return all files, reports, notes, photographs, records, electronic and other communications, and working papers used or developed by the children's advocacy center to the center***; and***

6. A person, agency, or organization engaged in a bona fide research, quality improvement, or evaluation project having value as determined by the cabinet. Nothing in this subparagraph shall limit the authority of the cabinet to decline to share data in cases where it deems a research, quality improvement, or evaluation project lacks sufficient merit or value, or the perceived risks are unacceptably high. Data sharing shall be driven by the aims of advancing human knowledge, complying with federal requirements, and facilitating future planning for programs that support families, serve maltreated children, or inform the development of policy. Data may be shared under this subparagraph provided that the following conditions are met:

a. The person, agency, or organization enters into a data-use agreement with the cabinet and complies with the data security and privacy conditions outlined by the Office of Data Analytics within the cabinet;

b. Any confidential information provided for a research, quality improvement, or evaluation project under this subparagraph shall not be redisclosed. The cabinet shall not share personally identifiable information under this subparagraph, except in cases where such information is essential to the completion of the project. For the purposes of this subdivsion, "personally identifiable information" means the current definition promulgated by the United States National Institute of Standards and Technology at the time of data sharing; and

c. If a research or evaluation project results in the publication or public dissemination of related material, confidential information provided for a research, quality improvement, or evaluation project under this subparagraph shall not be disclosed in the results.

(b) The provisions of this subsection shall not be construed as to contravene the Rules of Criminal Procedure relating to discovery.

(7) Nothing in this section shall prohibit a parent or guardian from accessing records for his or her child providing that the parent or guardian is not currently under investigation by a law enforcement agency or the cabinet relating to the abuse or neglect of a child.

(8) Nothing in this section shall prohibit employees or designated agents of a children's advocacy center from disclosing information during a multidisciplinary team review of a child sexual abuse case as set forth under KRS 620.040. Persons receiving this information shall sign a confidentiality statement consistent with statutory prohibitions on disclosure of this information.

(9) Employees or designated agents of a children's advocacy center may confirm to another children's advocacy center that a child has been seen for services. If an information release has been signed by the guardian of the child, a children's advocacy center may disclose relevant information to another children's advocacy center.

(10) (a) An interview of a child recorded at a children's advocacy center shall not be duplicated, except that the Commonwealth's or county attorney prosecuting the case may:

1. Make and retain one (1) copy of the interview; and

2. Make one (1) copy for the defendant's or respondent's counsel that the defendant's or respondent's counsel shall not duplicate.

(b) The defendant's or respondent's counsel shall file the copy with the court clerk at the close of the case.

(c) Unless objected to by the victim or victims, the court, on its own motion, or on motion of the attorney for the Commonwealth shall order all recorded interviews that are introduced into evidence or are in the possession of the children's advocacy center, law enforcement, the prosecution, or the court to be sealed.

(d) The provisions of this subsection shall not be construed as to contravene the Rules of Criminal Procedure relating to discovery.

(11) Identifying information concerning the individual initiating the report under KRS 620.030 shall not be disclosed except:

(a) To law enforcement officials that have a legitimate interest in the case;

(b) To the agency designated by the cabinet to investigate or assess the report;

(c) To members of multidisciplinary teams as defined by KRS 620.020 that operated under KRS 431.600;

(d) Under a court order, after the court has conducted an in camera review of the record of the state related to the report and has found reasonable cause to believe that the reporter knowingly made a false report; or

(e) The external child fatality and near fatality review panel established by KRS 620.055.

(12) (a) Information may be publicly disclosed by the cabinet in a case where child abuse or neglect has resulted in a child fatality or near fatality.

(b) The cabinet shall conduct an internal review of any case where child abuse or neglect has resulted in a child fatality or near fatality and the cabinet had prior involvement with the child or family. The cabinet shall prepare a summary that includes an account of:

1. The cabinet's actions and any policy or personnel changes taken or to be taken, including the results of appeals, as a result of the findings from the internal review; and

2. Any cooperation, assistance, or information from any agency of the state or any other agency, institution, or facility providing services to the child or family that were requested and received by the cabinet during the investigation of a child fatality or near fatality.

(c) The cabinet shall submit a report by September 1 of each year containing an analysis of all summaries of internal reviews occurring during the previous year and an analysis of historical trends to the Governor, the General Assembly, and the state child fatality review team created under KRS 211.684.

(13) When an adult who is the subject of information made confidential by subsection (5) of this section publicly reveals or causes to be revealed any significant part of the confidential matter or information, the confidentiality afforded by subsection (5) of this section is presumed voluntarily waived, and confidential information and records about the person making or causing the public disclosure, not already disclosed but related to the information made public, may be disclosed if disclosure is in the best interest of the child or is necessary for the administration of the cabinet's duties under this chapter.

(14) As a result of any report of suspected child abuse or neglect, photographs and X-rays or other appropriate medical diagnostic procedures may be taken or caused to be taken, without the consent of the parent or other person exercising custodial control or supervision of the child, as a part of the medical evaluation or investigation of these reports. These photographs and X-rays or results of other medical diagnostic procedures may be introduced into evidence in any subsequent judicial proceedings or an administrative hearing conducted by the cabinet or its designee in accordance with KRS Chapter 13B in an appeal of a cabinet-substantiated finding of child abuse or neglect. The person performing the diagnostic procedures or taking photographs or X-rays shall be immune from criminal or civil liability for having performed the act. Nothing herein shall limit liability for negligence.

(15) In accordance with 42 U.S.C. sec. 671, the cabinet shall share information about a child in the custody of the cabinet with a relative or a parent of the child's sibling for the purposes of:

(a) Evaluating or arranging a placement for the child;

(b) Arranging appropriate treatment services for the child; or

(c) Establishing visitation between the child and a relative, including a sibling of the child.

(16) In accordance with 42 U.S.C. sec. 671, the cabinet shall, in the case of siblings removed from their home who are not jointly placed, provide for frequent visitation or other ongoing interaction between the siblings, unless the cabinet determines that frequent visitation or other ongoing interaction would be contrary to the safety or well-being of any of the siblings.

Signed by Governor March 15, 2025.

CHAPTER 15

(HB 233)

AN ACT relating to the prevention of harmful practices associated with property and casualty insurance.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 367.620 is amended to read as follows:

As used in KRS 367.620 to 367.628:

(1) ***"Contractor":***

(a) Means a person in the business of contracting, or offering to contract, to provide goods or services relating to real estate; and

(b) Includes any person that directly or indirectly solicits or offers a real estate goods or services contract;

(2) "Goods or services relating to real estate":

(a) Means goods, services, or goods and services relating to real estate; and

(b) Includes any:

1. Repair, replacement, construction, reconstruction, or improvement of real estate; and

2. Tree or debris removal;

(3) "Insured" means a person that is entitled, or may be entitled, to receive benefits or payments under a property, casualty, or property and casualty insurance policy;

(4) "Person" has the same meaning as in KRS 367.110;

(5) "~~[Residential]~~Real estate"***:***

(a) Means ***any parcel of real estate located in this state that is used for any purpose; and***

(b) Includes:

1. Residential real estate; and

2. Commercial real estate~~[a new or existing building constructed for habitation by one (1) to four (4) families, including detached garages]~~; ***and***

(6)~~[(2)]~~ ***"Real estate goods or services contract" means a contract for the provision of goods or services relating to real estate, where the goods or services are expected to be paid from property, casualty, or property and casualty insurance proceeds***~~["Roof system" means the components of a roof to include but not be limited to covering, framing, insulation, sheathing, ventilation, and weatherproofing; and~~

~~(3) "Roofing contractor" means a person or entity in the business of contracting or offering to contract with an owner of residential real estate to repair or replace a roof system]~~.

➔Section 2. KRS 367.622 is amended to read as follows:

(1) A person who~~[, on or after July 12, 2012,]~~ enters into ***a real estate goods or services***~~[a]~~ contract with a~~[roofing]~~ contractor~~[to provide goods or services related to a roof system of residential real estate, where the goods or services are expected to be paid from the proceeds of a property and casualty insurance policy,]~~ may cancel the contract prior to midnight of the fifth business day after the person has received written notice from the insurer that all or part of the claim is not a covered loss under the~~[property and casualty]~~ insurance policy.

(2) Cancellation shall be deemed to have occurred when the person ***does any of the following:***~~[either]~~

(a) Personally delivers written notice of cancellation to the~~[roofing]~~ contractor;

(b) Deposits~~[the]~~ written notice of cancellation in the United States mail, postage prepaid, and addressed to the~~[roofing]~~ contractor at the address stated in the contract; or~~[,]~~

(c) ***Transmits***~~[If applicable, at the time]~~ notice of cancellation~~[is transmitted]~~ to the~~[roofing]~~ contractor by facsimile or ***email***~~[at the time an e-mail notice of cancellation is sent]~~.

(3) Notice of cancellation~~[given by the person]~~ need not take a particular form and is sufficient if it indicates by any form of written ***or recorded*** expression the intention of the person not to be bound by the contract.

➔Section 3. KRS 367.624 is amended to read as follows:

Prior to entering into ***a real estate goods or services***[a] contract ***with any person***[~~on or after July 12, 2012, for the provision of goods or services relating to the repair or replacement of any part of a roof system of residential real estate as provided in KRS 367.622~~], a[~~ roofing~~] contractor shall furnish the ***person***[~~owner of the residential real estate~~] with:

(1) The mailing address of the[~~ roofing~~] contractor through which written communication may be received;

(2) The telephone number of the[~~ roofing~~] contractor and, if applicable, the ***contractor's*** facsimile number and ***email***[~~e-mail~~] address;

(3) A statement in at least ten (10) point boldface type that states:

"You may cancel this contract at any time before midnight on the fifth business day after you have received written notification from ***the***[~~your~~] insurer that all or any part of the ***contracted goods, services, or goods and services***[~~claim or contract~~] is not a covered loss under the ***property, casualty, or property and casualty*** insurance policy. This right to cancel is in addition to any other rights of cancellation you may have under state or federal law or regulation. See the attached Notice of Cancellation form for an explanation of this right."; and

(4) A fully completed form in duplicate, under the conspicuous caption "NOTICE OF CANCELLATION," and attached to but easily detachable from the contract, in at least ten (10) point boldface type that shall read as follows:

"NOTICE OF CANCELLATION

.....

(enter date of transaction)

If you are notified by ***the***[~~your~~] insurer that all or any part of the ***contracted goods, services, or goods and services***[~~claim or contract~~] is not a covered loss under the ***property, casualty, or property and casualty*** insurance policy, you may cancel this contract without penalty or monetary obligation before midnight of the fifth business day after you have received ***the*** notice[~~ from your insurer~~]. To cancel this transaction***,*** you may use any of the following methods: mail or otherwise deliver a signed and dated copy of this cancellation notice, or any other written notice of cancellation which you sign and date, to (enter physical address of[~~ roofing~~] contractor), or ***email***[~~e-mail~~] a notice of cancellation to (enter ***email***[~~e-mail~~] address of[~~ roofing~~] contractor), or transmit a notice of cancellation to (enter facsimile number of[~~ roofing~~] contractor), not later than midnight of the fifth day after you receive notice from ***the***[~~your~~] insurer.

I HEREBY CANCEL THIS TRANSACTION.

.....

(Date)

.....

(Buyer's Signature)"

➔Section 4. KRS 367.626 is amended to read as follows:

(1) ***As used in this section, "emergency goods or services" means goods, services, or goods and services to immediately respond to a sudden, unexpected occurrence that poses a clear and imminent danger requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.***

(2) Except as provided in subsection (3) of this section***:***[~~, on or after July 12, 2012, ~~]

(a) A[~~ roofing~~] contractor shall***:***

1. Not require any advance payments under ***a real estate goods or services***[a] contract[~~ for the repair or replacement of any part of a roof system of residential real estate when payment is expected to be made from the proceeds of a property or casualty insurance policy~~] until the cancellation period[~~, as~~] provided in KRS 367.622[~~,~~] has expired***; and***[~~.~~]

2.[~~(2)~~] ***Tender to the payor any payments, partial payments, or deposits made, and any note or other evidence of indebtedness provided, to the contractor under a real estate goods or services contract*** within ten (10) days after ***the***[~~a~~] contract has been cancelled ***under***[~~as provided in~~] KRS 367.622[~~, a roofing contractor shall tender to the payor any payments, partial payments, or~~

~~deposits made, and any note or other evidence of indebtedness, except as provided in subsection (3) of this section~~]***;***

(b) Any provision contained in a real estate goods or services contract that requires the payment of any fee shall not be enforceable against any person who has cancelled the contract under Section 2 of this Act; and

(c) Any real estate goods or services contract that contains a price that violates KRS 367.374 shall not be enforceable.

(3) A[~~ roofing~~] contractor that ***provides***[~~performs~~] any repair services ***or emergency goods or services*** authorized ***under a real estate goods or services contract that has been cancelled under Section 2 of this Act***[~~by the owner of residential real estate~~], including but not limited to repair services necessary to prevent further damage to the premises, shall be entitled to collect a reasonable and customary amount for ***the goods, services, or goods and services provided***[~~the repair services performed~~].[

~~(4) Any provision in a contract executed on or after July 12, 2012, for the repair of a roof system of residential real estate, as provided in KRS 367.620 to 367.628, that requires the payment of any fee, except for repair services performed under subsection (3) of this section, shall not be enforceable against any person who has cancelled a contract under KRS 367.622.~~]

➔Section 5. KRS 367.627 is amended to read as follows:

(1) (a) Any person may maintain an action to enjoin ***the*** continuing ***of*** any act in violation of KRS 367.620 to 367.628 and, if injured by the act, may also maintain an action for the recovery of damages.

(b) If the court finds based on evidence presented by the plaintiff that the defendant is violating or has violated any of the provisions of KRS 367.620 to 367.628, the court shall enjoin the defendant from continuing the violations.

(c) It shall not be necessary that actual economic damages be alleged or proved by the plaintiff in order for the court to enjoin violations.

(d)[~~(2)~~] In addition to injunctive relief ***and any other relief the plaintiff may be entitled to under this section:***[~~,~~]

1. The plaintiff in the action shall be entitled to recover from the defendant two (2) times the amount of any actual economic damages sustained***; and***[~~.~~]

2.[~~(3)~~] The court may award ***the plaintiff*** reasonable attorneys' fees and costs[~~ to the owner of residential real estate who prevails in an action under subsection (1) of this section, in addition to any other relief the residential real estate owner may be entitled to under this section~~].

(2)[~~(4)~~] In addition to the ***remedies provided under subsection (1)***[~~provisions~~] of this section***:***[~~,~~]

(a) All of the remedies, powers, and duties provided ***to***[~~for~~] the Attorney General ***under KRS 367.110 to 367.300, and the penalties provided in KRS 367.990,***[~~by this chapter~~] shall apply with equal force and effect to any act declared unlawful by KRS 367.620 to 367.628***; and***

(b) The Attorney General may recover a civil penalty of five thousand dollars ($5,000) per violation against any person who violates any provision of KRS 367.620 to 367.628.

(3)[~~(5)~~] Nothing in this section shall prohibit ***the Attorney General or any other***[~~a~~] person from pursuing the recovery of damages afforded elsewhere under the law.

➔Section 6. KRS 367.628 is amended to read as follows:

(1) ***(a) Except as provided in paragraphs (b) and (c) of this subsection,*** a[~~ roofing~~] contractor***, or person representing a contractor,*** shall not represent, negotiate, or advertise to represent or negotiate on behalf of ***any insured***[~~an owner of residential real estate~~] on any insurance claim in connection with ***the provision of goods or services relating to real estate***[~~the repair or replacement of a roof system~~].

(b) Nothing in this subsection shall be construed to prohibit a[~~ roofing~~] contractor***, or person representing a contractor,*** from:

1.[~~(a)~~] Providing an estimate for ***the provision of goods or services relating to***[~~repair, replacement, construction, or reconstruction of the property to the owner of residential~~] real estate; or

2.~~[(b)]~~ Conferring with an insurance company's representative about damage to ***real estate***~~[the property]~~ after a claim has been submitted by ***an insured***~~[the owner of residential real estate]~~.

(c) This subsection shall not apply to a public adjuster licensed under Subtitle 9 of KRS Chapter 304.

(2) Where~~[the]~~ goods or services ***relating to real estate*** are expected to be paid from ***property, casualty, or property and casualty insurance***~~[the]~~ proceeds~~[of a property and casualty policy]~~, a~~[roofing]~~ contractor or person representing a~~[roofing]~~ contractor shall not:

(a) Cause damage to any part of ***the real estate***~~[a roof system]~~ in order to increase the scope of ***goods or services provided***~~[repair or replacement]~~, or encourage a person to cause damage to any part of ***the real estate***~~[a roof system]~~ in order to secure a contract for ***goods or services***~~[repair or replacement]~~;

(b) Offer to pay or rebate all or any portion of an insurance deductible or claims proceeds as an inducement to the sale of goods or services ***by a contractor***~~[related to a residential roof contract]~~;

(c) Grant an allowance or discount against the fee to be charged ***by a contractor***~~[under the contract]~~;~~[or]~~

(d) Pay or offer to pay the ***insured,***~~[owner of residential real estate]~~ or his or her representative***,*** for whom services have been or will be performed~~[pursuant to KRS 367.620 to 367.628]~~, for any reason, any form of compensation in excess of one hundred dollars ($100), including but not limited to a:

1. Bonus;
2. Coupon;
3. Credit;
4. Gift;
5. Prize;
6. Referral fee; or
7. Any other item having a monetary value***; or***

(e) File or claim a mechanic's lien pursuant to KRS 376.010 against an insured by reason of the insured's failure or refusal to pay any excess charge over and above the amount paid or expected to be paid by an insurer under a property, casualty, or property and casualty insurance policy.

➔SECTION 7. A NEW SECTION OF KRS 367.620 TO 367.628 IS CREATED TO READ AS FOLLOWS:

In the event of a conflict between KRS 367.620 to 367.628 and any other law, KRS 367.620 to 367.628 shall control.

➔Section 8. KRS 371.160 is amended to read as follows:

Except as provided in KRS 367.620 to 367.628:

(1) If, in any contract in the amount of five hundred thousand dollars ($500,000) or more involving the improvement of real estate, a certain amount or percentage of the contract is held back by the owner, that retained amount shall be deposited in a separate escrow account with a bank or trust company authorized to do business in the Commonwealth of Kentucky***;***~~[.]~~

(2) As of the time of the deposit of the retained funds, they shall become the sole and separate property of the contractor to whom they are owed***;***~~[.]~~

(3) The escrow agent shall promptly invest all escrowed principal in obligations selected by the escrow agent in its discretion***;***~~[.]~~

(4) Upon satisfactory completion of the contract, to be evidenced by a written release by the owner, all funds accumulated in the escrow account, together with any interest thereon, shall be paid immediately to the contractor to whom it is owed***;***~~[.]~~

(5) The escrow agent shall be compensated for its services in an amount agreed to by the owner, contractor, and escrow agent. The compensation shall be a commercially reasonable fee commensurate with fees being charged for handling of escrow accounts of similar size and duration. The compensation shall be paid from the escrow account***;***~~[.]~~

(6) In the event the owner fails or refuses to execute the release provided for in subsection (4) of this section, then the contractor shall have a cause of action against the owner in a court of proper jurisdiction***; and***~~[.]~~

(7) This section shall not apply to contracts with the Commonwealth, any county, charter county, urban-county government, or municipality, or any other political subdivision, agency, or instrumentality of the Commonwealth, or school boards.

➔Section 9. KRS 371.425 is amended to read as follows:

(1) Except as provided in subsections (3)***,*** ~~[and]~~(4)***, and (5)*** of this section, KRS 371.400 to 371.425 shall apply to public construction and public works projects, and to private construction, excluding residential construction.

(2) KRS 371.400 to 371.425 shall apply to construction contracts entered into after June 26, 2007.

(3) KRS 371.400 to 371.425 shall not apply to contracts entered into by a borrower of funds that are provided, insured, or guaranteed by the United States Department of Agriculture's Rural Utilities Service, or financed under a lien accommodation by the Rural Utilities Service.

(4) KRS 371.400 to 371.425 shall not apply to any contract for construction of or relating to any facility as defined in KRS Chapter 278.

(5) In the event of a conflict between KRS 371.400 to 371.425 and KRS 367.620 to 367.628, KRS 367.620 to 367.628 shall control.

➔Section 10. This Act applies to contracts entered on or after the effective date of this Act.

Signed by Governor March 15, 2025.

CHAPTER 16

(HB 164)

AN ACT relating to adoption.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 199 IS CREATED TO READ AS FOLLOWS:

(1) In any pending adoption proceeding under this chapter, the court may enter a judgment of adoption after a child's death upon the motion of the petitioner or petitioners if:

(a) The child dies during the time the child is placed in the home of the petitioner or petitioners;

(b) Prior to the hearing, the court has received the report of the guardian ad litem, if any, for the child and the report required by KRS 199.510;

(c) A hearing has been scheduled and notice has been given as required under KRS 199.515; and

(d) The court determines after hearing the case that the requirements of KRS 199.520(1) have been met.

(2) Any judgment of adoption under this section shall:

(a) Change the name of the child to conform with the prayer of the petition;

(b) Ensure that the judgment and all orders required to be entered and recorded in the order book, including the caption, shall contain only the names of the petitioners and the proposed adopted name of the child, without any reference to the child's former name or the names of the birth parents; and

(c) Establish that upon entry of the judgment of adoption, from and after the date of the filing of the petition the child shall be deemed the child of petitioners and, except as provided in subsection (4) of this section, for the purpose of legal considerations, the natural child of the parents adopting the child the same as if born of their bodies, and all legal relationship between the adopted child and the biological parents shall be terminated except the relationship of a biological parent who is the spouse of an adoptive parent.

(3) The clerk of the court shall notify the cabinet of the adoption as required in KRS 199.520.

(4) Notwithstanding any other law to the contrary, nothing in this section shall entitle the petitioner or petitioners proceeding under this section to any present or future interest in property or inheritance of the

deceased child, or to any other benefit, whether governmental or otherwise, that would have become payable had the judgment of adoption been entered prior to the death of the child.

➔Section 2. This Act may be cited as Braylon's Law.

Signed by Governor March 15, 2025.

CHAPTER 17

(HB 251)

AN ACT relating to the evaluation of educator preparation programs.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 158.840 is amended to read as follows:

(1) The General Assembly hereby finds that reading and mathematics proficiency are gateway skills necessary for all Kentucky students to achieve the academic goals established in KRS 158.6451. It is the General Assembly's intent that:

(a) All students in kindergarten through grade three (3) having difficulty in reading and mathematics receive early diagnosis and intervention services from highly trained teachers;

(b) All students in kindergarten through grade three (3) needing to make accelerated progress toward proficiency in mathematics based on data from valid and reliable universal screening and diagnostic assessments receive high-quality, evidence-based mathematics instruction and intervention aligned to the Kentucky academic standards for mathematics;

(c) All students demonstrate proficiency in reading and mathematics as they progress through the relevant curricula and complete each assessment level required by the Kentucky Board of Education for the state assessment program established under KRS 158.6453 and in compliance with the requirements of the federal Every Student Succeeds Act of 2015, Pub. L. No. 114-95, or its successor; and

(d) Students who are struggling in reading and mathematics or are not at the proficient level on statewide assessments shall be provided evidence-based and developmentally appropriate diagnostic and intervention services, and instructional modifications necessary to learn.

The General Assembly, the Kentucky Board of Education, the Kentucky Department of Education, the Council on Postsecondary Education, colleges and universities, local boards of education, school administrators, school councils, teachers, parents and families, and other educational entities, such as the Education Professional Standards Board, P-16 councils, the statewide reading research center established under KRS 164.0207, and the Center for Middle School Academic Achievement must collaborate if the intentions specified in this subsection are to be met. Intensive focus on student achievement in reading and mathematics does not negate the responsibility of any entity to help students obtain proficiency in other core curriculum content areas.

(2) The General Assembly's role is to set policies that address the achievement levels of all students and provide resources for the professional growth of teachers and administrators, assessing students' academic achievement, including valid and reliable universal screening and diagnostic assessment and instructional interventions, technology innovations, targeted reading and mathematics statewide initiatives, research and the distribution of research findings, services for students beyond the regular school day, and other services needed to help struggling learners.

(3) The Kentucky Board of Education shall regularly review and modify, when appropriate, its statewide assessment policies and practices to enable local school districts and schools to carry out the provisions of the statewide assessment and accountability system, required under KRS 158.6453 to improve student achievement in mathematics and reading.

(4) The Kentucky Department of Education shall:

(a) Provide assistance to schools and teachers, including publicizing professional development opportunities, methods of measuring effective professional development, the availability of high quality

instructional materials, and developmentally appropriate, valid, and reliable screening and diagnostic assessments of student competency in mathematics and reading. The department shall provide access to samples of units of study, annotated student work, diagnostic instruments, and research findings, and give guidance on parental engagement;

(b) Work with state and national educators and subject-matter experts to identify student reading and mathematical skills in each subject area that align with the state content standards adopted under KRS 158.6453 and identify teaching strategies in each subject area that can be used explicitly to develop the identified reading and mathematical skills under this paragraph;

(c) Encourage the development of comprehensive middle and high school adolescent reading and mathematics plans to be incorporated into the curricula of each subject area to improve the reading comprehension and mathematical skills of all students;

(d) Conduct an annual review of the state grant programs it manages and make recommendations, when needed, to the Interim Joint Committee on Education for changes to statutory requirements that are necessary to gain a greater return on investment;

(e) Provide administrative support and oversight to programs to train classroom coaches and mentors to help teachers with reading and mathematics instruction; and

(f) Require no reporting of instructional plans, formative assessment results, staff effectiveness processes, or interventions implemented in the classroom, except for:

1. Interventions implemented under KRS 158.305(2) and 158.8402;

2. Funds provided under KRS 158.792 or 158.844; or

3. Schools that are identified for comprehensive support and improvement and fail to exit comprehensive support and improvement status after three (3) consecutive years of implementing the turnaround intervention process as described in KRS 160.346.

(5) The ~~[Council on Postsecondary Education, in cooperation with the]~~Education Professional Standards Board, ***in cooperation with the Council on Postsecondary Education,*** shall exercise its duties and functions under KRS ***161.028***~~[164.020]~~ to ensure that teacher education programs are fulfilling the needs of Kentucky for highly skilled teachers. The ***Education Professional Standards Board***~~[council]~~ shall:

(a) Coordinate the federal and state grant programs it administers with other statewide initiatives relating to improving student achievement in reading and mathematics to avoid duplication of effort and to make efficient use of resources;

(b) ~~[No later than November 1 of each year,]~~Submit ***a***~~[an annual]~~ report ***every three (3) years*** to the Legislative Research Commission for referral to the ***appropriate*** Interim Joint Committee on Education and the Interim Joint Committee on Appropriations and Revenue, summarizing the compliance of each teacher preparation program for alignment to early childhood education or elementary regular education standards and to the instructional requirements set forth in KRS 164.306(1) and 164.3061; and

(c) ***Regularly report program data to an external evaluator for***~~[Require that an external evaluator provide]~~ an annual analysis of the ability of teacher preparation programs to properly train and equip teacher preparation program students with the literacy and mathematics content knowledge and skills to educate students in kindergarten through grade three (3)~~[.]~~***; and***

(d) ~~[(6) The Education Professional Standards Board shall]~~Exercise its duties and responsibilities under KRS 161.030 and 161.048 to ensure highly qualified teachers.

(6)~~[(7)]~~ Colleges and universities shall:

(a) Utilize institution-wide resources to work with elementary and secondary educators and other entities to align curriculum content to ensure that students who achieve proficiency on standards established at the prekindergarten through secondary levels will require no remediation to successfully enter a postsecondary education program;

(b) Provide quality undergraduate teacher preparation programs to ensure that those preparing to teach reading or mathematics at all grade levels have the necessary content knowledge, assessment and diagnostic skills, and teaching methodologies and that teachers in all subject areas have the requisite skills for helping students at all grade levels develop critical strategies and skills for reading and comprehending subject matter;

(c) Deliver evidence-based continuing education for teachers in reading and mathematics through institutes, graduate level courses, and other professional development activities that support a statewide agenda for improving student achievement in reading and mathematics;

(d) Conduct or assist with research on best practices in assessment, intervention strategies, teaching methodologies, costs and effectiveness of instructional models, and other factors as appropriate to reading and mathematics;

(e) Provide staff to consult and provide technical assistance to teachers, staff, and administrators at elementary, middle, and secondary school sites;

(f) Assume active roles in the statewide initiatives referenced in KRS 156.553 and 158.842; and

(g) Develop written procedures for measuring the effectiveness of activities outlined in paragraphs (a) to (f) of this subsection.

(7) ~~[(8)]~~ School councils at all school levels are encouraged to identify and allocate resources to qualified teachers to become coaches or mentors in mathematics or coaches or mentors in reading with a focus on improving student achievement in their respective schools.

(8) ~~[(9)]~~ Local school boards and superintendents shall provide local resources to supplement or match state and federal resources to support teachers, school administrators, and school councils in helping students achieve proficiency in reading and mathematics.

(9) ~~[(10)]~~ Local school superintendents shall provide leadership and resources to the principals of all schools to facilitate curriculum alignment, communications, and technical support among schools to ensure that students are academically prepared to move to the next level of schooling.

Signed by Governor March 15, 2025.

CHAPTER 18

(HB 201)

AN ACT relating to theft by failure to make required disposition of property.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 514.070 is amended to read as follows:

(1) A person is guilty of theft by failure to make required disposition of property received when ***he or she***:

(a) ***1.*** ~~[He or she]~~Obtains property upon agreement or subject to a known legal obligation to make specified payment***, with no option to purchase,*** or other disposition whether from such property or its proceeds or from his or her own property to be reserved in equivalent amount; and

2. ~~[(b)]~~ ~~[He or she]~~Intentionally deals with the property as his or her own and fails to make the required payment or disposition***; or***

(b) 1. Rents or leases personal property having a fair market value of one hundred dollars ($100) or more under a written agreement with no option to purchase;

2. Fails to return the personal property within five (5) days after receiving notice sent by the merchant or lessor demanding return by certified mail at the address on the written agreement; and

3. Intentionally possesses or conceals the personal property, or otherwise withholds the location, if known, of the personal property.

(2) ***(a) It shall not be a defense to subsection (1)(b) of this section that the person returned the personal property after the expiration of the time period specified in subsection (1)(b)2. of this section.***

(b) If the personal property is returned, any monetary loss resulting from the deprivation of the right of the owner to use the personal property for future rentals may only be pursued as a civil matter under the terms of the rental agreement.

(c) This section shall not be construed to prevent a person from being prosecuted under any other provision of the Kentucky Penal Code for the failure to return the personal property as provided in subsection (1)(b) of this section.

(3) The provisions of subsection (1) ***of this section*** apply notwithstanding that it may be impossible to identify particular property as belonging to the victim at the time of the actor's failure to make the required payment or disposition.

(4) ~~[(3)]~~ An officer or employee of the government or of a financial institution is presumed:

(a) To know any legal obligation relevant to his or her criminal liability under this section; and

(b) To have dealt with the property as his ***or her*** own when:

1. He or she fails to account or pay upon lawful demand; or

2. An audit reveals a shortage or falsification of accounts.

(5) ~~[(4)]~~ Theft by failure to make required disposition of property received is a Class B misdemeanor unless***, for a violation of subsection (1)(a) of this section***:

(a) The value of the property is five hundred dollars ($500) or more but less than one thousand dollars ($1,000), in which case it is a Class A misdemeanor;

(b) The value of the property is one thousand dollars ($1,000) or more but less than ten thousand dollars ($10,000), in which case it is a Class D felony;

(c) A person has three (3) or more convictions under paragraph (a) of this subsection within the last five (5) years, in which case it is a Class D felony. The five (5) year period shall be measured from the dates on which the offenses occurred for which the judgments of conviction were entered; or

(d) The value of the property is ten thousand dollars ($10,000) or more, in which case it is a Class C felony.

(6) ~~[(5)]~~ ***A*** ~~[No]~~ person shall ***not*** be convicted of theft by failure to make required disposition of property received when he or she has also been convicted of a violation of KRS 522.050 arising out of the same incident.

(7) ~~[(6)]~~ If any person commits two (2) or more separate offenses of theft by failure to make a required disposition of property received within ninety (90) days, the offenses may be combined and treated as a single offense, and the value of the property in each offense may be aggregated for the purpose of determining the appropriate charge.

Signed by Governor March 15, 2025.

CHAPTER 19

(HB 19)

AN ACT relating to privacy protection.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 500.130 is amended to read as follows:

(1) ***As used in this section:***

(a) "Communications service" means a cable, broadband, streaming, or telecommunications service; and

(b) "Surveillance" means:

1. With respect to an owner, tenant, occupant, invitee, or licensee of privately owned real property, the observation of such persons with sufficient visual clarity to be able to obtain information about their identity, habits, conduct, movements, or location; or

2. With respect to privately owned real property, the observation of such property's physical improvements with sufficient visual clarity to be able to determine unique identifying features or its occupancy by one (1) or more persons.

(2) Except for unmanned aircraft systems operated by the United States Army, Navy, Marine Corps, Air Force, ***Space Force,*** or Coast Guard, or a reserve component thereof, or by the Army National Guard or Air National Guard, unmanned aircraft systems may not be equipped with a lethal payload.

(3)~~[(2)]~~ ***Except as provided in subsection (12) of this section,*** any business entity doing business lawfully within this state may use an unmanned aircraft system for business purposes, in compliance with 14 C.F.R. pt. 107. ***Business entities operating an unmanned aircraft system pursuant to this subsection may include but are not limited to:***

(a) A property appraiser, assessing property for ad valorem taxation with the express, prior, written permission of the owner, tenant, occupant, invitee, or licensee of the privately owned real property;

(b) A utility or communications service;

(c) An entity conducting aerial mapping;

(d) An entity conducting cargo;

(e) An insurance company or a person acting on behalf of an insurance company for purposes of underwriting an insurance risk or investigating damage to insured property; or

(f) An entity conducting images necessary for the safe operation or navigation of an unmanned aircraft system that is being used for a purpose allowed under federal or Kentucky law.

(4)~~[(3)]~~ Any recreational user may operate an unmanned aircraft system within this state, in compliance with 14 C.F.R. pt. 101.

(5)~~[(4)]~~ Any institution of higher education, or school district, may use an unmanned aircraft system for educational, research, or testing purposes.

(6)~~[(5)]~~ No law enforcement agency, or agent thereof, shall use an unmanned aircraft system to conduct a search unless authorized under the Fourth Amendment to the United States Constitution and Section 10 of the Kentucky Constitution. If the search is conducted pursuant to a warrant, the warrant shall specifically authorize the use of an unmanned aircraft system.

(7)~~[(6)]~~ Except as limited by subsection ***(6)***~~[(5)]~~ of this section, any government agency, including a law enforcement agency, may use an unmanned aircraft system for legitimate governmental purposes.

(8)~~[(7)]~~ When an unmanned aircraft system is used by law enforcement pursuant to subsections ***(6)***~~[(5)]~~ and ***(7)***~~[(6)]~~ of this section, it shall be operated in a lawful manner and shall minimize data collection on nonsuspects. Disclosure of such data shall be prohibited except by order of a court of competent jurisdiction.

(9)~~[(8)]~~ No evidence obtained or collected as the result of the use of an unmanned aircraft system shall be admissible as evidence in any civil, criminal, or administrative proceeding within this state for the purpose of enforcing state or local law, except for:

(a) Evidence collected as permitted by subsections ***(3)***~~[(2)]~~ to ***(7)***~~[(6)]~~ of this section; or

(b) Evidence which is offered against the owner or operator of an unmanned aircraft system to show misconduct.

(10)~~[(9)]~~ No law enforcement agency shall be required to operate unmanned aircraft systems.

(11)~~[(10)]~~ Operation of an unmanned aircraft system in violation of subsection ***(3)***~~[(2)]~~ or ***(4)***~~[(3)]~~ of this section shall be a violation for the first offense and a Class B misdemeanor for the second or subsequent offense.

(12) A person operating an unmanned aircraft system pursuant to subsections (3) to (5) of this section shall not use an unmanned aircraft system to record an image of privately owned real property or of the owner, tenant, occupant, invitee, or licensee of such property with the intent to conduct surveillance on, or publish unauthorized images of, the individual or property captured in the image in violation of the person's reasonable expectation of privacy. For purposes of this subsection, a person is presumed to have a reasonable expectation of privacy on his or her privately owned real property if he or she is not observable by persons located at ground level in a place where they have a legal right to be, regardless of whether he or

she is observable from the air with the use of an unmanned aircraft system.~~[(11) This section may be cited as the "Citizens' Freedom from Unwarranted Surveillance Act."]~~

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 411 IS CREATED TO READ AS FOLLOWS:

The owner, tenant, occupant, invitee, or licensee of privately owned real property may initiate a civil action in a court of competent jurisdiction against any person, agency, or political subdivision that violates subsection (12) of Section 1 of this Act and may seek:

(1) Appropriate injunctive relief;

(2) Actual damages;

(3) Punitive damages;

(4) Court costs; and

(5) Reasonable attorney's fees.

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 413 IS CREATED TO READ AS FOLLOWS:

An action filed pursuant to Section 2 of this Act shall be commenced within seven (7) years after the cause of action accrued.

Signed by Governor March 15, 2025.

CHAPTER 20

(HB 191)

AN ACT relating to interment at state veterans' cemeteries.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 40.315 is amended to read as follows:

(1) The Department of Veterans' Affairs shall establish and maintain state veterans' cemeteries in the Commonwealth for the purpose of providing for the interment of veterans of the~~[United States]~~ Armed Forces ***of the United States*** and for their ***eligible*** next of kin, as determined by the department.

(2) ***Eligibility for interment at a Kentucky state veterans' cemetery shall include:***

(a) Persons who are eligible for interment in a veterans' national cemetery pursuant to 38 U.S.C. sec. 2402 and regulations promulgated thereunder; and

(b) Any member of a reserve component of the Armed Forces, the Army National Guard, or the Air National Guard not otherwise qualified in paragraph (a) of this subsection, if:

1. The member completed the initial period of service as required by 10 U.S.C. sec. 651(a) and was discharged under conditions other than dishonorable; or

2. The member of the Army National Guard or the Air National Guard died while on state active duty or while serving under Title 32 of the United States Code.

(3) For a person eligible under subsection (2)(b) of this section, the eligibility for interment of the person's spouse, surviving spouse, minor child, and dependent incapacitated child shall be determined pursuant to 38 U.S.C. sec. 2402(a)(5).

(4) The Kentucky state veterans' cemeteries shall be under the administrative authority and control of the Department of Veterans' Affairs. The department~~[of Veterans' Affairs]~~ may promulgate administrative regulations necessary to operate the cemeteries in compliance with applicable state and federal statutes and regulations.

(5)~~[(3)]~~ ***The department shall provide interment service in accordance with 38 U.S.C. secs. 2404 and 2408.***

(6) No person convicted of a state or federal criminal capital offense shall be eligible for interment in a Kentucky state veterans' cemetery.

(7) The department~~[of Veterans' Affairs]~~ is authorized to seek federal and private funding for the construction, renovation, and operation of Kentucky state veterans' cemeteries.

➔Section 2. This Act takes effect January 1, 2026.

Signed by Governor March 15, 2025.

CHAPTER 21

(HB 391)

AN ACT relating to honey.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 217.187 is amended to read as follows:

If a person sells less than ***five hundred (500)***~~[one hundred fifty (150)]~~ gallons of ***pure and unadulterated*** honey in a year ***that he or she produced in Kentucky***~~[off the farm]~~, the person shall not be required to process the honey in a certified honey house or food processing establishment, nor shall the person be required to obtain a permit from the cabinet. The person shall be required to comply with the other provisions of KRS 217.005 to 217.215 as those provisions apply.

Signed by Governor March 15, 2025.

CHAPTER 22

(SB 15)

AN ACT relating to minimum wage exceptions and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 337.010 is amended to read as follows:

(1) As used in this chapter, unless the context requires otherwise:

(a) "Commissioner" means the commissioner of the Department of Workplace Standards under the direction and supervision of the secretary of the Education and Labor Cabinet;

(b) "Department" means the Department of Workplace Standards in the Education and Labor Cabinet;

(c) 1. "Wages" includes any compensation due to an employee by reason of his or her employment, including salaries, commissions, vested vacation pay, overtime pay, severance or dismissal pay, earned bonuses, and any other similar advantages agreed upon by the employer and the employee or provided to employees as an established policy. The wages shall be payable in legal tender of the United States, checks on banks, direct deposits, or payroll card accounts convertible into cash on demand at full face value, subject to the allowances made in this chapter. However, an employee may not be charged an activation fee and the payroll card account shall provide the employee with the ability, without charge, to make at least one (1) withdrawal per pay period for any amount up to and including the full account balance.

2. For the purposes of calculating hourly wage rates for scheduled overtime for professional firefighters, as defined in KRS 95A.210(8), "wages" shall not include the distribution to qualified professional firefighters by local governments of supplements received from the Firefighters Foundation Program Fund. For the purposes of calculating hourly wage rates for unscheduled overtime for professional firefighters, as defined in KRS 95A.210(9), "wages" shall include the distribution to qualified professional firefighters by local governments of supplements received from the Firefighters Foundation Program Fund;

(d) "Employer" is any person, either individual, corporation, partnership, agency, or firm who employs an employee and includes any person, either individual, corporation, partnership, agency, or firm acting directly or indirectly in the interest of an employer in relation to an employee; and

(e) "Employee" is any person employed by or suffered or permitted to work for an employer, except that:

1. Notwithstanding any voluntary agreement entered into between the United States Department of Labor and a franchisee, neither a franchisee nor a franchisee's employee shall be deemed to be an employee of the franchisor for any purpose under this chapter; and

2. Notwithstanding any voluntary agreement entered into between the United States Department of Labor and a franchisor, neither a franchisor nor a franchisor's employee shall be deemed to be an employee of the franchisee for any purpose under this chapter.

For purposes of this paragraph, "franchisee" and "franchisor" have the same meanings as in 16 C.F.R. sec. 436.1.

(2) As used in KRS 337.275 to 337.325, 337.345, and 337.385 to 337.405, unless the context requires otherwise:

(a) "Employee" is any person employed by or suffered or permitted to work for an employer, but shall not include:

1. Any individual employed in agriculture;

2. Any individual employed in a bona fide executive, administrative, supervisory, or professional capacity, or in the capacity of outside salesman, or as an outside collector as the terms are defined by administrative regulations of the commissioner;

3. Any individual employed by the United States;

4. Any individual employed in domestic service in or about a private home. The provisions of this section shall include individuals employed in domestic service in or about the home of an employer where there is more than one (1) domestic servant regularly employed;

5. Any individual classified and given a certificate by the commissioner showing a status of learner, apprentice, worker with a disability, sheltered workshop employee, and student under administrative procedures and administrative regulations prescribed and promulgated by the commissioner. This certificate shall authorize employment at the wages, less than the established fixed minimum fair wage rates, and for the period of time fixed by the commissioner and stated in the certificate issued to the person;

6. Employees of retail stores, service industries, hotels, motels, and restaurant operations whose average annual gross volume of sales made for business done is less than ninety-five thousand dollars ($95,000) for the five (5) preceding years exclusive of excise taxes at the retail level or if the employee is the parent, spouse, child, or other member of his or her employer's immediate family;

7. Any individual employed as a baby-sitter in an employer's home, or an individual employed as a companion by a sick, convalescing, or elderly person or by the person's immediate family, to care for that sick, convalescing, or elderly person and whose principal duties do not include housekeeping;

8. Any individual engaged in the delivery of newspapers to the consumer;

9. Any individual subject to the provisions of KRS Chapters 7, 16, 27A, 30A, and 18A provided that the secretary of the Personnel Cabinet shall have the authority to prescribe by administrative regulation those emergency employees, or others, who shall receive overtime pay rates necessary for the efficient operation of government and the protection of affected employees;

10. Any employee employed by an establishment which is an organized nonprofit camp, religious, or nonprofit educational conference center, if it does not operate for more than two hundred ten (210) days in any calendar year;

11. Any employee whose function is to provide twenty-four (24) hour residential care on the employer's premises in a parental role to children who are primarily dependent, neglected, and abused and who are in the care of private, nonprofit childcaring facilities licensed by the Cabinet for Health and Family Services under KRS 199.640 to 199.670;

12. Any individual whose function is to provide twenty-four (24) hour residential care in his or her own home as a family caregiver, family home provider, or adult foster care provider and who is approved to provide family caregiver services to an adult with a disability through a contractual relationship with a community board for mental health or individuals with an intellectual disability established under KRS 210.370 to 210.460 or through a contractual relationship with a certified waiver provider as defined in 907 KAR 7:005 sec. 1(5), or is certified or licensed by the Cabinet for Health and Family Services to provide adult foster care;

13. A direct seller as defined in Section 3508(b)(2) of the Internal Revenue Code of 1986;~~[or]~~

14. Any individual whose function is to provide behavior support services, behavior programming services, case management services, community living support services, positive behavior support services, or respite services through a contractual relationship with a certified waiver provider, as defined in 907 KAR 7:005 sec. 1(5), pursuant to a 1915(c) home and community based services waiver program, as defined in 907 KAR 7:005 sec. 1(2); ***or***

15. Any individual employed to play baseball who is compensated pursuant to the terms of a contract and a collective bargaining agreement that expressly provides for wages and working conditions;

(b) "Agriculture" means farming in all its branches, including cultivation and tillage of the soil; dairying; production, cultivation, growing, and harvesting of any agricultural or horticultural commodity; raising of livestock, bees, furbearing animals, or poultry; and any practice, including any forestry or lumbering operations, performed on a farm in conjunction with farming operations, including preparation and delivery of produce to storage, to market, or to carriers for transportation to market;

(c) "Gratuity" means voluntary monetary contribution received by an employee from a guest, patron, or customer for services rendered;

(d) "Tipped employee" means any employee engaged in an occupation in which he or she customarily and regularly receives more than thirty dollars ($30) per month in tips; and

(e) "U.S.C." means the United States Code.

➔Section 2. Whereas spring training has already begun for employees contracted to play baseball in 2025, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 17, 2025.

CHAPTER 23

(SJR 26)

A JOINT RESOLUTION directing the Department for Medicaid Services to provide the Legislative Research Commission with a report regarding pharmacist payment parity.

WHEREAS, the scope of practice for pharmacists is defined in KRS Chapter 315 and includes a number of clinical services such as testing and treatment for streptococcal pharyngitis commonly known as strep throat, influenza, urinary tract infections, COVID-19, and sexually transmitted infections; and

WHEREAS, the scope of practice for pharmacists also includes providing patient counseling on tobacco cessation, medication therapy management, chronic disease management, and more services that pharmacists may provide independently or through collaborative care agreements or protocols authorized by the Board of Pharmacy; and

WHEREAS, historically, clinical services provided by pharmacists have not been covered by most health plans; and

WHEREAS, during the 2021 Regular Session, the Kentucky General Assembly passed House Bill 48 which required private health insurance providers to cover clinical services performed by pharmacists if those services are

within their scope of practice and to reimburse pharmacists for those services at a rate not less than that provided to other nonphysician practitioners such as advanced practice registered nurses and physician assistants; and

WHEREAS, House Bill 48 only applied to private insurance providers and not to the Kentucky Medical Assistance Program, commonly known as Medicaid, or to the Kentucky Children's Health Insurance Program (KCHIP); and

WHEREAS, as a result of the passage of House Bill 48, Kentucky's pharmacists can now bill private insurance providers for clinical services but are not permitted to seek reimbursement for the same services provided to individuals enrolled in Medicaid or KCHIP; and

WHEREAS, as of November 2024, more than 1,400,000 Kentuckians, or nearly one-third of the state's population, are covered by Medicaid and KCHIP; and

WHEREAS, the percentage of Kentuckians covered by Medicaid and KCHIP is significantly higher in many rural communities; and

WHEREAS, in many rural communities across the Commonwealth, the closest and most readily available healthcare provider is a local pharmacist; and

WHEREAS, the lack of coverage for clinical services provided by pharmacists represents a significant barrier to care for many of the Commonwealth's most vulnerable citizens; and

WHEREAS, when patients cannot readily access the care they need, their conditions often worsen, resulting in visits to urgent care clinics and hospital emergency rooms; and

WHEREAS, when clinical services are provided by physicians in urgent care or emergency room settings, the cost to provide those services is significantly higher than if the patient had been able to access those services at their community pharmacy; and

WHEREAS, an analysis of the fiscal impact of House Bill 48 in 2021 determined that the cost of requiring insurance providers to cover clinical services performed by pharmacists and to reimburse for those services at a rate not less than that paid to other nonphysician providers was minimal and would increase premiums by between 0.00 percent and 0.03 percent; and

WHEREAS, the Kentucky General Assembly is committed to taking a data-driven approach to policy making; and

WHEREAS, the Kentucky General Assembly does not currently have access to the data necessary to determine the potential fiscal impact of requiring Medicaid and KCHIP to comply with KRS 304.12-237, the statute created by House Bill 48; and

WHEREAS, the Department for Medicaid Services does have access to the data necessary to determine the potential fiscal impact of such a policy;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. The Department for Medicaid Services is hereby directed to prepare and deliver a report on pharmacist payment parity to the Legislative Research Commission for referral to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Health Services no later than August 1, 2025.

➔Section 2. The pharmacist payment parity report shall, at a minimum, include the following:

(1) A detailed summary of the changes that would be necessary if the Kentucky Medicaid program, including any managed care organization with which the department contracts for the delivery of Medicaid services, and the Kentucky Children's Health Insurance Program (KCHIP) were required by future legislation to comply with KRS 304.12-237. The summary of changes shall include a review of:

(a) Administrative changes;

(b) Technology changes and updates;

(c) A comprehensive overview of the clinical services and the related Current Procedural Terminology (CPT) codes for which pharmacists would be eligible to bill if compliance with KRS 304.12-237 were required, the current reimbursement rates for those services when provided by physician and nonphysician providers, and the number of times those CPT codes were billed by physicians and nonphysicians in 2023 and 2024;

(d) The need to onboard or credential pharmacists as providers of those services; and

(e) The anticipated cost of all changes that would be necessitated by a requirement to comply with KRS 304.12-237;

(2) An analysis of the anticipated effect a requirement to comply with KRS 304.12-237 would have on Medicaid and KCHIP claims and expenditures. The analysis shall include as assessment of:

(a) The anticipated impact on the number of Medicaid and KCHIP claims filed on behalf of Medicaid and KCHIP beneficiaries;

(b) The potential for offsetting claims to pharmacists or pharmacies from other providers or care sites; and

(c) The anticipated impact on Medicaid and KCHIP expenditures on an annual basis, including fee-for-services claims payments, managed care capitation payments, and any other potential fiscal impact that may result from a requirement to comply with KRS 304.12-237;

(3) A review of the fiscal impact and overall cost of similar coverage and reimbursement requirements observed in other states, if such data is available to the department;

(4) A summary of the effect of KRS 304.12-237 on private insurance providers, including any increase in premiums charged to consumers and observed changes in claims filed;

(5) An analysis of how a requirement to comply with KRS 304.12-237 might impact access to care, health outcomes, and the overall health of Medicaid and KCHIP beneficiaries. This analysis shall specifically address the impact on access to care, health outcomes, and overall health of Medicaid and KCHIP beneficiaries in rural and underserved communities; and

(6) A detailed timeline for implementing the changes necessary to comply with KRS 304.12-237, including any necessary requests for approval or authorization from the federal Centers for Medicare and Medicaid Services or any other federal agency.

➔Section 3. (1) If the Department for Medicaid Services determines that it does not have access to the data necessary to fulfil the requirements of the pharmacist payment parity report established in subsection (1)(c) or (4) of Section 2 of this Resolution, the department shall request that information from the Department of Insurance, and the Department of Insurance shall provide the Department for Medicaid Services with any available data necessary to fulfil the reporting requirements established in subsection (1)(c) or (4) of Section 2 of this Resolution.

(2) In fulfilling the reporting requirement established in subsection (3) of Section 2 of this Resolution, the Department for Medicaid Services shall contact the Medicaid agencies in states that have implemented policies similar to KRS 304.12-237 in their Medicaid program and request the information and data necessary to fulfil the reporting requirement established in subsection (3) of Section 2 of this Resolution.

Signed by Governor March 17, 2025.

CHAPTER 24

(HB 131)

AN ACT relating to firefighters' work schedules.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 95.500 is amended to read as follows:

(1) The chief of the fire department in cities or urban-county governments, or an officer acting under his ***or her*** authority***:*** ~~[,]~~

(a) Shall be present at all fires and investigate their cause***;*** ~~[. He]~~

(b) May examine witnesses, compel the production of testimony, administer oaths, make arrests, and enter any building for the purpose of examination that, in his ***or her*** opinion, is in danger from fires***; and*** ~~[. He]~~

(c) Shall report his ***or her*** proceedings to the city legislative body when required.

(2) The chief shall***:***

(a) Direct and control the operations of the members of the fire department in the discharge of their duties***;***~~[. He shall]~~

(b) Have access to and use of all cisterns, fireplugs, the waters of the waterworks, and the cisterns of private persons, for the purpose of extinguishing fires***;***~~[. He shall]~~

(c) Have the right to examine all cisterns, and all plugs and pipes of the waterworks, to see that they are in condition for use in case of fire***;***~~[. He shall]~~

(d) Have control of all buildings, hose, engines, and other equipment provided for the fire department***; and***~~[. He shall]~~

(e) Perform such other duties as the legislative body shall, by ordinance, prescribe.

(3) ***(a)*** The fire department of each city listed on the registry pursuant to subsection (5) of this section or urban-county government shall be divided into three (3) platoons of firefighters. Each platoon, excluding the chief, the assistant chief, clerical employees, maintenance employees, fire inspectors, fire investigators, and arson investigators, in fire departments in the cities listed on the registry or in urban-county governments, shall be on duty for***:***

1. Twenty-four (24) consecutive hours, after which the platoon serving twenty-four (24) hours shall be allowed to remain off duty for forty-eight (48) consecutive hours***;***~~[,]~~

2. Unless otherwise provided in a collective bargaining agreement, be on forty-eight (48) consecutive hours, after which the platoon serving forty-eight (48) consecutive hours shall be allowed to remain off duty for the following ninety-six (96) consecutive hours; or

3. Unless otherwise provided in a collective bargaining agreement, twenty-four (24) hours, after which the platoon serving twenty-four (24) hours shall be allowed to remain off duty for seventy-two (72) hours, after which that platoon shall be on duty again for forty-eight (48) hours, then shall be allowed to remain off duty again for seventy-two (72) hours;

except in cases of dire emergency. The chief of the fire department shall arrange the schedule of working hours to comply with the provisions of this section. The pay, rank, or benefits of the members and officers of the fire department shall not be reduced as a result of this subsection.

(b) Notwithstanding paragraph (a) of this subsection, any city or urban-county government that maintains a collective bargaining agreement with members of its fire department may reach an agreement with the bargaining unit to establish an alternative staffing and scheduling plan for the operation of its fire department.

(c) Any change in a work schedule made pursuant to this subsection shall not result in a decrease in the compensation of firefighters, exclusive of unscheduled overtime.

(4) In each city or urban-county government listed on the registry, all employees of the fire department shall be given not less than two (2) weeks leave of absence annually, with full pay.

(5) On or before January 1, 2015, the Department for Local Government shall create a registry of cities that shall be required to comply with the provisions of subsections (3) and (4) of this section. The Department for Local Government shall include each of those cities on the registry that were classified as cities of the second class on August 1, 2014. The Department for Local Government shall make the information included on the registry available to the public by publishing it on its ***website***~~[Web site]~~.

Signed by Governor March 17, 2025.

CHAPTER 25

(SB 24)

AN ACT relating to property and casualty insurance.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 304.47-010 is amended to read as follows:

As used in ***this*** subtitle~~[47 of this chapter]~~, unless the context requires otherwise:

(1) ***"Criminal syndicate" means five (5) or more persons collaborating to promote or engage in any fraudulent insurance act, as set forth in subsection (1) of Section 2 of this Act, on a continuing basis;***

(2) "Division" means the Division of Insurance Fraud Investigation of the Kentucky Department of Insurance, its employees, or authorized representatives;

(3) "Insurance policy" or "policy" means any individual or group policy, including those defined by KRS Chapter 342, certificate, or contract of an insurer, including reinsurance affecting the rights of any Kentucky resident or bearing a reasonable relation to Kentucky regardless of whether delivered or issued for delivery in Kentucky;

(4) "Insured" means any person who is a named insured or beneficiary under an insurance policy or a person who is not a named insured or beneficiary under an insurance policy due to the fraudulent action of another, but who in good faith believes himself or herself to be an insured or beneficiary;

(5) "Insurer" means any person, entity, organization, or reinsurer, including fraternal benefit societies as defined in Subtitle 29 of this chapter, nonprofit hospital, medical-surgical, dental, and health service corporation as defined in Subtitle 32 of this chapter, health maintenance organization as defined in Subtitle 38 of this chapter, prepaid dental plan organization as defined in Subtitle 43 of this chapter, or unauthorized insurer as defined in Subtitle 11 of this chapter, subject to regulation by or registration with the Department of Insurance under this chapter, and any "carrier," "self-insurer," or "insurance carrier" as defined by KRS Chapter 342;~~[~~

~~(2) "Insurance policy" or "policy" means any individual or group policy, including those defined by KRS Chapter 342, certificate, or contract of an insurer as defined in subsection (1) of this section including reinsurance affecting the rights of any Kentucky resident or bearing a reasonable relation to Kentucky regardless of whether delivered or issued for delivery in Kentucky;~~

~~(3) "Insured" means any person who is a named insured or beneficiary under a policy as defined in subsection (2) of this section or a person who is not a named insured or beneficiary under a policy due to the fraudulent action of another, but who in good faith believes himself or herself to be an insured or beneficiary;~~]

(6)~~[(4)]~~ "Law enforcement agency" means any federal, state, county, or consolidated police or law enforcement department and any prosecuting official of the federal, state, county, local, or consolidated government; ***and***

(7)~~[(5)]~~ "Statement" includes~~[,]~~ but is not limited to~~[,]~~ any notice, statement, proof of loss, bill of lading, invoice, account, estimate of property ***or casualty*** damages, ***bid or proposal relating to property or casualty damages,*** bill for services, diagnosis, prescription, hospital or physician record or report, X-ray, test result, or other evidence of loss, injury, or expense ***that is***~~[. A statement may be]~~ in any form, including oral, written, and electronic transmissions~~[;~~

~~(6) "Division" means the Division of Insurance Fraud Investigation of the Kentucky Department of Insurance, its employees, or authorized representatives; and~~

~~(7) "Criminal syndicate" means five (5) or more persons collaborating to promote or engage in any fraudulent insurance act, as set forth in KRS 304.47-020(1), on a continuing basis~~].

➔Section 2. KRS 304.47-020 is amended to read as follows:

(1) For the purposes of this subtitle, a person or entity commits a "fraudulent insurance act" if he or she engages in any of the following, including but not limited to matters relating to workers' compensation:

(a) Knowingly and with intent to defraud or deceive presents, causes to be presented, or prepares with knowledge or belief that it will be presented to an insurer, Board of Claims, Special Fund, or any agent thereof:

1. Any written or oral statement as part of, or in support of, a claim for payment or other benefit pursuant to an insurance policy or from a "self-insurer" as defined by KRS Chapter 342, knowing that the statement contains any false, incomplete, or misleading information concerning any fact or thing material to a claim;~~[or]~~

2. To the extent not otherwise included under subparagraph 1. of this paragraph, any statement that misrepresents the scope of damages, including repair costs and other expenses, associated with a property, casualty, or property and casualty insurance claim, including any claim for towing or storage benefits under a property, casualty, or property and casualty insurance

policy, except this subparagraph shall not apply to offers or counteroffers by legal counsel representing a plaintiff or defendant in a disputed claim involving bodily injury; or

3.~~[2.]~~ Any statement as part of, or in support of, an application for an insurance policy, for renewal, reinstatement, or replacement of insurance, or in support of an application to a lender for money to pay a premium, knowing that the statement contains any false, incomplete, or misleading information concerning any fact or thing material to the application;

(b) Knowingly and willfully transacts any contract, agreement, or instrument which violates this title;

(c) Knowingly and with intent to defraud or deceive:

1. Receives money for the purpose of purchasing insurance, and fails to obtain insurance;

2. Fails to make payment or disposition of money or voucher as defined in KRS 304.17A-750, as required by agreement or legal obligation, that comes into his or her possession while acting as a licensee under this chapter;

3. Presents, causes to be presented, or prepares with knowledge or belief that it will be presented to or by an insurer, or to the commissioner, any statement, knowing that the statement contains any false, incomplete, or misleading information concerning any material fact or thing, as part of, or in support of one (1) or more of the following:

a. The rating of an insurance policy;

b. The financial condition of an insurer;

c. The formation, acquisition, merger, reconsolidation, dissolution, or withdrawal from one (1) or more lines of insurance in all or part of this Commonwealth by an insurer; or

d. A document filed with the commissioner; or

4. Engages in any of the following:

a. Solicitation or acceptance of new or renewal insurance risks on behalf of an insolvent insurer; or

b. Removal, concealment, alteration, tampering, or destruction of money, records, or any other property or assets of an insurer;

(d) Issues or knowingly presents fake or counterfeit insurance policies, certificates of insurance, insurance identification cards, insurance binders, or any other documents that purport to evidence insurance;

(e) Makes any false or fraudulent representation as to the death or disability of a policy or certificate holder in any written statement or certificate for the purpose of fraudulently obtaining money or benefit from an insurer;

(f) Engages in unauthorized insurance, as set forth in KRS 304.11-030; or

(g) Assists, abets, solicits, or conspires with another to commit a fraudulent insurance act in violation of this subtitle.

(2) A person convicted of a violation of subsection (1) of this section shall be guilty of a Class A misdemeanor, unless the aggregate of the claim, benefit, or money referred to in subsection (1) of this section is:

(a) Five hundred dollars ($500) or more but less than ten thousand dollars ($10,000), in which case it is a Class D felony;

(b) Ten thousand dollars ($10,000) or more but less than one million dollars ($1,000,000), in which case it is a Class C felony; or

(c) One million dollars ($1,000,000) or more, in which case it is a Class B felony.

(3) A person, with the purpose to establish or maintain a criminal syndicate or to facilitate any of its activities, shall be guilty of engaging in organized crime, a Class B felony, if he or she engages in any of the activities set forth in KRS 506.120(1).

(4) A person convicted of a crime established in this section shall be punished by:

(a) Imprisonment for a term:

1. Not to exceed the period set forth in KRS 532.090 if the crime is a Class A misdemeanor; or

2. Within the periods set forth in KRS 532.060 if the crime is a Class D, C, or B felony;

(b) A fine, per occurrence, of:

1. For a misdemeanor, not more than one thousand dollars ($1,000) per individual nor five thousand dollars ($5,000) per corporation or twice the amount of gain received as a result of the violation, whichever is greater; or

2. For a felony, not more than ten thousand dollars ($10,000) per individual nor one hundred thousand dollars ($100,000) per corporation, or twice the amount of gain received as a result of the violation; whichever is greater; or

(c) Both imprisonment and a fine, as set forth in paragraphs (a) and (b) of this subsection.

(5) ***(a)*** In addition to imprisonment, the assessment of a fine, or both, a person convicted of a crime established in this section may be ordered to make restitution to any victim who suffered a monetary loss due to any actions by that person which resulted in the adjudication of guilt, and to the division for the cost of any investigation.

(b) The amount of restitution shall equal the monetary value of the actual loss or twice the amount of gain received as a result of the violation, whichever is greater.

(6) Any person damaged as a result of a violation of any provision of this section shall have a cause of action to recover compensatory damages, plus all reasonable investigation and litigation expenses, including attorneys' fees, at the trial and appellate courts.

(7) ***(a)*** The provisions of this section shall also apply to any agent, unauthorized insurer or its agents or representatives, or surplus lines carrier who, with intent, injures, defrauds, or deceives any claimant with regard to any claim.

(b) The claimant shall have the right to recover the damages provided in subsection (6) of this section.

Signed by Governor March 18, 2025.

CHAPTER 26

(SB 26)

AN ACT relating to parental rights.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 199.011 is amended to read as follows:

As used in this chapter, unless the context otherwise requires:

(1) "Adoption worker" means an employee of the cabinet so designated by the secretary for health and family services, a social worker employed by a county or city who has been approved by the cabinet to handle, under its supervision, adoption placement services to children, or a social worker employed by or under contract to a child-placing adoption agency;

(2) "Adult adopted person" means any adopted person who is twenty-one (21) years of age or older;

(3) "Cabinet" means the Cabinet for Health and Family Services;

(4) "Child" means any person who has not reached his ***or her*** eighteenth birthday;

(5) "Child-caring facility" means any institution or group home, including institutions and group homes that are publicly operated, providing residential care on a twenty-four (24) hour basis to children, not related by blood, adoption, or marriage to the person maintaining the facility, other than an institution or group home certified by an appropriate agency as operated primarily for educational or medical purposes, or a residential program operated or contracted by the Department of Juvenile Justice that maintains accreditation, or obtains accreditation within two (2) years of opening from a nationally recognized accrediting organization;

(6) "Child-placing agency" means any agency licensed by the cabinet, which supervises the placement of children in foster family homes or child-caring facilities, or which places children for adoption;

(7) "Department" means the Department for Community Based Services;

(8) ***(a) "Disability" means:***

1. A physical or mental impairment, whether congenital or acquired, that substantially limits one (1) or more of the major life activities of an individual and is demonstrable by medically accepted clinical or laboratory diagnostic techniques;

2. A record of having such an impairment; or

3. Being regarded as having such an impairment.

(b) An individual who is currently engaging in the illegal use of drugs or the abuse of alcohol, drugs, or other substances is not an individual with a "disability" for purposes of this chapter;

(9) "Family rehabilitation home" means a child-caring facility for appropriate families and comprising not more than twelve (12) children and two (2) staff persons;

(10) ~~[(9)]~~ "Fictive kin" means an individual who is not related by birth, adoption, or marriage to a child, but who has an emotionally significant relationship with the child, or an emotionally significant relationship with a biological parent, siblings, or half-siblings of the child in the case of a child from birth to twelve (12) months of age, prior to placement;

(11) ~~[(10)]~~ "Foster family home" means a private home in which children are placed for foster family care under supervision of the cabinet or of a licensed child-placing agency;

(12) ~~[(11)]~~ "Group home" means a homelike facility, excluding Department of Juvenile Justice-operated or -contracted facilities, for not more than eight (8) foster children, not adjacent to or part of an institutional campus, operated by a sponsoring agency for children who may participate in community activities and use community resources;

(13) ~~[(12)]~~ "Institution" means a child-caring facility providing care or maintenance for nine (9) or more children;

(14) ~~[(13)]~~ "Placement services" means those social services customarily provided by a licensed child-placing or a public agency, which are necessary for the arrangement and placement of children in foster family homes, child-placing facilities, or adoptive homes. Placement services are provided through a licensed child-placing or a public agency for children who cannot be cared for by their biological parents and who need and can benefit from new and permanent family ties established through legal adoption. Licensed child-placing agencies and public agencies have a responsibility to act in the best interests of children, biological parents, and adoptive parents by providing social services to all the parties involved in an adoption;

(15) ~~[(14)]~~ "Rap back system" means a system that enables an authorized entity to receive ongoing status notifications of any criminal history from the Department of Kentucky State Police or the Federal Bureau of Investigation reported on an individual whose fingerprints are registered in the system, upon approval and implementation of the system;

(16) ~~[(15)]~~ "Reasonable and prudent parent standard" has the same meaning as in 42 U.S.C. sec. 675(10);

(17) ~~[(16)]~~ "Secretary" means the secretary for health and family services; and

(18) ~~[(17)]~~ "Voluntary and informed consent" means that at the time of the execution of the consent, the consenting person was fully informed of the legal effect of the consent, that the consenting person was not given or promised anything of value except those expenses allowable under KRS 199.590(6), that the consenting person was not coerced in any way to execute the consent, and that the consent was voluntarily and knowingly given. If at the time of the execution of the consent the consenting person was represented by independent legal counsel, there shall be a presumption that the consent was voluntary and informed. The consent shall be in writing, signed and sworn to by the consenting person, and include the following:

(a) Date, time, and place of the execution of the consent;

(b) Name of the child, if any, to be adopted, and the date and place of the child's birth;

(c) Consenting person's relationship to the child;

(d) Identity of the proposed adoptive parents or a statement that the consenting person does not desire to know the identification of the proposed adoptive parents;

(e) 1. A statement that the consenting person understands that the consent will be final and irrevocable under this paragraph unless withdrawn under this paragraph.

2. If placement approval by the secretary is required, the voluntary and informed consent shall become final and irrevocable seventy-two (72) hours after the execution of the voluntary and informed consent. This consent may be withdrawn only by written notification sent to the proposed adoptive parent or the attorney for the proposed adoptive parent on or before the expiration of the seventy-two (72) hours by certified or registered mail and also by first-class mail.

3. If placement approval by the secretary is not required, the voluntary and informed consent shall become final and irrevocable seventy-two (72) hours after the execution of the voluntary and informed consent. This consent may be withdrawn only by written notification sent to the proposed adoptive parent or the attorney for the proposed adoptive parent on or before the expiration of the seventy-two (72) hours by certified or registered mail and also by first-class mail;

(f) Disposition of the child if the adoption is not adjudged;

(g) A statement that the consenting person has received a completed and signed copy of the consent at the time of the execution of the consent;

(h) Name and address of the person who prepared the consent, name and address of the person who reviewed and explained the consent to the consenting person, and a verified statement from the consenting person that the consent has been reviewed with and fully explained to the consenting person; and

(i) Total amount of the consenting person's legal fees, if any, for any purpose related to the execution of the consent and the source of payment of the legal fees.

➔Section 2. KRS 199.462 is amended to read as follows:

(1) Before an applicant is approved to provide foster care or relative caregiver services to a child, considered a fictive kin placement for a child, or approved to receive a child for adoption, the Cabinet for Health and Family Services shall:

(a) Require a criminal background investigation of the applicant and any of the applicant's adult household members by means of a fingerprint check by the Department of Kentucky State Police and the Federal Bureau of Investigation; or

(b) Request from the Justice and Public Safety Cabinet records of all conviction information for the applicant and any of the applicant's adult household members. The Justice and Public Safety Cabinet shall furnish the information to the Cabinet for Health and Family Services and shall also send a copy of the information to the applicant.

(2) The request for records shall be in a manner approved by the Justice and Public Safety Cabinet, and the Justice and Public Safety Cabinet may charge a fee to be paid by the applicant for the actual cost of processing the request.

(3) The Cabinet for Health and Family Services shall not disapprove of any placement or custody arrangement, including but not limited to foster care, relative caregiver services, fictive kin placement, temporary custody, permanent custody, or adoption on the sole basis of a disability of the prospective caregiver without considering whether targeted adaptive or supportive services could enable the prospective caregiver to provide essential care and protection for the child.

(4) ~~[(3)]~~ During a certified adoptive or foster home's annual reevaluation, the Cabinet for Health and Family Services may:

(a) Require a background investigation for each adult household member of the certified adoptive or foster home under subsections (1) and (2) of this section; or

(b) Register each adult household member of a certified adoptive or foster home under subsections (1) and (2) of this section in the rap back system.

(5) ~~[(4)]~~ If a child is placed and resides in a fictive kin home for more than seventy-two (72) hours, the Cabinet for Health and Family Services shall take action, including but not limited to the following:

(a) Provide information on how to recognize and report child abuse or neglect; and

(b) Ensure that, within the first five (5) days of a child under the age of five (5) years old being placed in a fictive kin home, the fictive kin has completed a one (1) time training course of one and one-half (1.5) hours of training covering the prevention and recognition of pediatric abusive head trauma, as defined in KRS 620.020.

(6)~~[(5)]~~ The Cabinet for Health and Family Services shall promulgate an administrative regulation to implement this section.

➔Section 3. KRS 199.471 is amended to read as follows:

Petitions for adoption of children placed for adoption by the cabinet or a licensed child-placing institution or agency shall not be denied***:***

(1) On the basis of the religious, ethnic, racial, or interfaith background of the adoptive applicant, unless contrary to the expressed wishes of the biological ***parent or parents; or***~~[parent(s)]~~

(2) On the sole basis of a disability of the adoptive applicant without considering whether targeted adaptive or supportive services could enable the applicant to provide essential care and protection for the child.

➔Section 4. KRS 199.473 is amended to read as follows:

(1) All persons other than a child-placing agency or institution, the department, or persons excepted by KRS 199.470(4) who wish to place or receive a child shall make written application to the secretary for permission to place or receive a child.

(2) Prior to the approval of an application to place or receive a child, the fee required pursuant to subsection (13) of this section shall be paid and a home study shall be completed. The purpose of the home study shall be to review the background of the applicant and determine the suitability of the applicant to receive a child, taking into account at all times the best interest of the child for whom application to receive has been made.

(3) (a) The home study shall be made in accordance with administrative regulations promulgated by the cabinet in accordance with KRS Chapter 13A.

(b) The cabinet shall conduct the home study for an applicant whose total gross income is equal to or less than two hundred fifty percent (250%) of the federal poverty level guidelines issued each year by the federal government, unless the applicant submits a written request for the home study to be conducted by a licensed child-placing agency or institution. Upon request, the cabinet shall make information available to an applicant who does not meet the requirements of this paragraph to assist the applicant in obtaining a home study from a licensed child-placing agency approved to provide adoption services.

(c) A licensed child-placing agency approved to provide adoption services shall conduct the home study for an applicant whose gross total income is more than two hundred fifty percent (250%) of the federal poverty level guidelines issued each year by the federal government.

(d) Calculation of family size for this subsection shall include each child requested to be adopted.

(e) The portion of the home study pertaining to the home and family background shall be valid for one (1) year following the date of its completion by an adoption worker.

(4) The adoption worker making the home study shall make a finding in writing recommending either that the application be granted or that the application be denied. The recommendation of the adoption worker shall then be reviewed by the secretary.

(5) Based on the report and recommendation of the adoption worker making the home study, the secretary shall grant or refuse permission for the applicant to place or receive a child as early as practicable, but, in any case, the decision shall be made within sixty (60) days after the receipt of the application. In reaching a decision, the secretary shall be guided by the ability of the persons wishing to receive the child to give the child a suitable home, and shall at all times consider the best interest of the child from a financial, medical, psychological, and psychiatric standpoint.

(6) ***(a)*** If the application is refused, the secretary shall in general terms furnish in writing the reasons for his or her refusal.

(b) If the application is refused based upon any disability of the applicant, the secretary shall confirm that an individual assessment was conducted, and that targeted adaptive or supportive services and modifications were reviewed and considered prior to the refusal.

(c) ***The cabinet shall maintain all information and supporting documentation related to the assessment, considered targeted adaptive or supportive services and available modifications for a period of two (2) years or as otherwise ordered by a court of competent jurisdiction.***

(7) ***(a)*** Any person who seeks temporary custody of a child prior to the secretary's ruling on an application for adoption shall file a petition seeking temporary custody, with a notice of intent to adopt, with the Circuit Court that will have jurisdiction of the adoption proceedings.

(b) The clerk of the court shall send a notice of the filing of the petition to the cabinet. A hearing on the petition shall occur no later than seventy-two (72) hours after the filing of the petition, excluding weekends and holidays. Proceedings under this subsection shall be incorporated into the court's adoption file.

(c) If the adoption is not finalized within six (6) months of the filing of the petition and notice of intent, the court shall conduct a hearing on the status and custody of the child.

(8) ***(a)*** Upon a finding by the Circuit Court that the child should be placed prior to the secretary's ruling on the application, the Circuit Court may grant the applicant temporary custody of the child pending the decision of the secretary.

(b) Temporary custody shall not be granted to an applicant unless a background check, including but not limited to a criminal records check by the Justice and Public Safety Cabinet or the Administrative Office of the Courts and a background check of child abuse and neglect records maintained by the cabinet, has been submitted to and reviewed by the court. The background check required for temporary custody shall be part of the home study required under subsection (2) of this section.

(c) If the application is denied by the secretary, the temporary custody order shall be set aside and, upon motion of the cabinet or of the child's parent or parents, the Circuit Court may order the child returned to the biological parent or parents or the child's custody may be awarded to the cabinet, another licensed child-placing agency, or other individuals deemed appropriate by the court.

(d) This section shall not be deemed to permit the completion of any adoption proceeding without the approval of the secretary and compliance with KRS 615.030, if required.

(9) ***(a)*** In any case where the cabinet refuses to approve the placement of a child for adoption when requested by the parent or parents of the child, or refuses the request of any person or persons that a child be placed with that person or those persons for adoption, the decision of the secretary in so refusing shall be final unless within ten (10) days after notice of refusal, the biological or proposed adopting parent or parents shall appeal to the Circuit Court of the county in which the adoption is proposed.

(b) No placement shall be disapproved***:***

1. On the basis of the religious, ethnic, racial, or interfaith background of the adoptive applicant, if the placement is made with the consent of the parent***; or***

2. ***On the sole basis of a disability of the adoptive applicant without considering whether targeted adaptive or supportive services could enable the applicant to provide essential care and protection for the child***.

(10) ***(a)*** The cabinet may refuse to approve the placement of a child for adoption if the child's custodial parent is unwilling for the child to be placed for adoption with the proposed adoptive family. The cabinet may approve or deny the placement, in spite of the fact that the custodial parent or parents are unwilling to be interviewed by the cabinet or other approving entity, or if, after diligent efforts have been made, the adoption worker is unable to locate or interview the custodial parent or parents.

(b) The cabinet shall be made a party defendant to ***any***~~[the]~~ appeal ***taken under subsection (9) of this section***. In the hearing of an appeal, the court shall review the findings of the secretary and shall determine if the secretary has acted arbitrarily, unlawfully, or in a manner that constitutes an abuse of discretion.

(11) If a child who does not fall within the exception provided for in KRS 199.470(4) is placed or received in a home without the court's review of the background check required under this section or the permission of the secretary for health and family services, or if permission to receive a child has been denied, a representative of the cabinet shall notify in writing or may petition the juvenile session of District Court of the county in which the child is found setting out the facts concerning the child. When the petition has been filed, the court shall take jurisdiction of the child and shall provide for it as it would provide for a dependent, neglected, or abused

child under KRS Chapter 620, except that the child may not be placed in the home of the applicants who are to receive the child unless permission to do so is granted by the secretary or the action is ordered by a Kentucky court of competent jurisdiction.

(12) When either the custodial parent or parents of the child to be placed or the persons wishing to receive the child reside out-of-state, the requirement of KRS 615.030, Interstate Compact on the Placement of Children, shall be met before the cabinet gives approval for the child's placement.

(13) The secretary of the Cabinet for Health and Family Services shall be paid a nonrefundable fee of two hundred dollars ($200) upon the filing of the written application for permission to place or receive a child. Payment shall be made by certified or cashier's check only. All funds collected under this section shall be deposited in a restricted account, which is hereby created, for the purpose of subsidizing an adoptive parent for suitable care of a special-needs child as authorized in KRS 199.555.

(14) Nothing in this statute shall be construed to limit the authority of the cabinet or a child-placing institution or agency to determine the proper disposition of a child committed to it by the juvenile session of District Court or the Circuit Court, prior to the filing of an application to place or receive ***a child***.

➔Section 5. KRS 625.050 is amended to read as follows:

(1) A petition for involuntary termination of parental rights shall be entitled "In the interest of ..., a child."

(2) The petition shall be filed in the Circuit Court for any of the following counties:

(a) The county in which either parent resides or may be found;

(b) The county in which juvenile court actions, if any, concerning the child have commenced; or

(c) The county in which the child involved resides or is present.

(3) Proceedings for involuntary termination of parental rights may be initiated upon petition by the cabinet, any child-placing agency licensed by the cabinet, any county or Commonwealth's attorney**,** or parent.

(4) The petition for involuntary termination of parental rights shall be verified and contain the following:

(a) Name and mailing address of each petitioner;

(b) Name, sex, date of birth**,** and place of residence of the child;

(c) Name and address of the living parents of the child;

(d) Name, date of death and cause of death, if known, of any deceased parent;

(e) Name and address of the putative father, if known by the petitioner, of the child if not the same person as the legal father;

(f) Name and address of the person, cabinet**,** or agency having custody of the child;

(g) Name and identity of the person, cabinet**,** or authorized agency to whom custody is sought to be transferred;

(h) Statement that the person, cabinet**,** or agency to whom custody is to be given has facilities available and is willing to receive the custody of the child;

(i) All pertinent information concerning termination or disclaimers of parenthood or voluntary consent to termination;

(j) Information as to the legal status of the child and the court so adjudicating; and

(k) A concise statement of the factual basis for the termination of parental rights.

(5) No petition may be filed under this section prior to five (5) days after the birth of the child.

(6) No petition may be filed to terminate the parental rights of**:**

(a) A woman solely because of her use of a nonprescribed controlled substance during pregnancy if she enrolls in and maintains substantial compliance with both a substance abuse treatment or recovery program and a regimen of prenatal care as recommended by her health care practitioner throughout the remaining term of her pregnancy. Upon certified completion of the treatment or recovery program, or six (6) months after giving birth during which time substantial compliance with a substance abuse treatment or recovery program has occurred, whichever is earlier, any records maintained by a court or

by the cabinet relating to a positive test for a nonprescribed controlled substance shall be sealed by the court and may not be used in any future criminal prosecution or future petition to terminate the woman's parental rights***; or***

(b) Any parent solely because of a disability as defined in Section 1 of this Act unless the parent has been provided, or unless the parent has knowingly and affirmatively rejected in writing, adaptive and supportive services based on an individual assessment of the parent.

(7) Any petition filed pursuant to this section shall***:***

(a) Include a copy of any individual assessment required under subsection (6) of this section and the services provided pursuant to the assessment, or the rejection of offered services signed by the parent; and

(b) Be fully adjudicated and a final judgment shall be entered by the court within six (6) months of the service of the petition on the parents.

➔Section 6. KRS 625.090 is amended to read as follows:

(1) The Circuit Court may involuntarily terminate all parental rights of a parent of a named child, if the Circuit Court finds from the ***record***~~[pleadings and]~~ by clear and convincing evidence that:

(a) 1. The child has been adjudged to be an abused or neglected child, as defined in KRS 600.020(1), by a court of competent jurisdiction;

2. The child is found to be an abused or neglected child, as defined in KRS 600.020(1), by the Circuit Court in this proceeding;

3. The child is found to have been diagnosed with neonatal abstinence syndrome at the time of birth, unless his or her birth mother:

a. Was prescribed and properly using medication for a legitimate medical condition as directed by a health care practitioner that may have led to the neonatal abstinence syndrome;

b. Is currently, or within ninety (90) days after the birth, enrolled in and maintaining substantial compliance with both a substance abuse treatment or recovery program and a regimen of prenatal care or postnatal care as recommended by her health care practitioner throughout the remaining term of her pregnancy or the appropriate time after her pregnancy; or

c. In the absence of a prescription for the treatment of a legitimate medical condition, agrees, prior to discharge from the hospital, to participate in a court-ordered assessment by a drug treatment provider and the assigning of a certified peer support specialist for referral to appropriate treatment, and agrees to participate in treatment which shall commence within ninety (90) days after the birth; or

4. The parent has been convicted of a criminal charge relating to the physical or sexual abuse or neglect of any child and that physical or sexual abuse, neglect, or emotional injury to the child named in the present termination action is likely to occur if the parental rights are not terminated;

(b) 1. The Cabinet for Health and Family Services has filed a petition with the court pursuant to KRS 620.180 or 625.050; or

2. A child-placing agency licensed by the cabinet, any county or Commonwealth's attorney, or a parent has filed a petition with the court under KRS 625.050; and

(c) Termination would be in the best interest of the child.

(2) No termination of parental rights shall be ordered unless the Circuit Court also finds by clear and convincing evidence the existence of one (1) or more of the following grounds:

(a) That the parent has abandoned the child for a period of not less than ninety (90) days;

(b) That the parent has inflicted or allowed to be inflicted upon the child, by other than accidental means, serious physical injury;

(c) That the parent has continuously or repeatedly inflicted or allowed to be inflicted upon the child, by other than accidental means, physical injury or emotional harm;

(d) That the parent has been convicted of a felony that involved the infliction of serious physical injury to any child;

(e) That the parent, for a period of not less than six (6) months, has continuously or repeatedly failed or refused to provide or has been substantially incapable of providing essential parental care and protection for the child and that there is no reasonable expectation of improvement in parental care and protection, considering the age of the child;

(f) That the parent has caused or allowed the child to be sexually abused or exploited;

(g) That the parent, for reasons other than poverty alone, has continuously or repeatedly failed to provide or is incapable of providing essential food, clothing, shelter, medical care, or education reasonably necessary and available for the child's well-being and that there is no reasonable expectation of significant improvement in the parent's conduct in the immediately foreseeable future, considering the age of the child;

(h) That:

1. The parent's parental rights to another child have been involuntarily terminated;

2. The child named in the present termination action was born subsequent to or during the pendency of the previous termination; and

3. The conditions or factors which were the basis for the previous termination finding have not been corrected;

(i) That the parent has been convicted in a criminal proceeding of having caused or contributed to the death of another child as a result of physical or sexual abuse or neglect;

(j) That the child has been in foster care under the responsibility of the cabinet for fifteen (15) cumulative months out of forty-eight (48) months preceding the filing of the petition to terminate parental rights; or

(k) That the child has been removed from the biological or legal parents more than two (2) times in a twenty-four (24) month period by the cabinet or a court.

(3) In determining the best interest of the child and the existence of a ground for termination, the Circuit Court shall consider the following factors:

(a) Mental illness as defined by KRS 202A.011(9), or an intellectual disability as defined by KRS 202B.010(9) of the parent as certified by a qualified mental health professional, ***or a disability as defined in Section 1 of this Act, if the mental illness, intellectual disability, or disability*** ~~[which]~~ renders the parent consistently unable to care for the immediate and ongoing physical or psychological needs of the child for extended periods of time;

(b) Acts of abuse or neglect as defined in KRS 600.020(1) toward any child in the family;

(c) If the child has been placed with the cabinet, whether the cabinet has, prior to the filing of the petition***:***

1. Made reasonable efforts as defined in KRS 620.020 to reunite the child with the parents unless one or more of the circumstances enumerated in KRS 610.127 for not requiring reasonable efforts have been substantiated in a written finding by the District Court; ***or***

2. Provided a parent with a disability as defined in Section 1 of this Act with targeted adaptive and supportive services based on an individual assessment of the parent, or has received a written acknowledgement from the parent knowingly and affirmatively rejecting the offered services;

(d) The efforts and adjustments the parent has made in his ***or her*** circumstances, conduct, or conditions to make it in the child's best interest to return ***the child*** ~~[him]~~ to his ***or her*** home within a reasonable period of time, considering the age of the child;

(e) The physical, emotional, and mental health of the child and the prospects for the improvement of the child's welfare if termination is ordered; and

(f) The payment or the failure to pay a reasonable portion of substitute physical care and maintenance if financially able to do so.

(4) If the child has been placed with the cabinet, the parent may present testimony concerning the reunification***, adaptive, or supportive*** services offered by the cabinet and whether additional services would be likely to bring about lasting parental adjustment enabling a return of the child to the parent.

(5) If the parent proves by a preponderance of the evidence that the child will not continue to be an abused or neglected child as defined in KRS 600.020(1) if returned to the parent***, or if the parent proves by a preponderance of the evidence that appropriate and specifically targeted adaptive or supportive services based upon an individual assessment of the parent have not been offered or provided to the parent,*** the court in its discretion may determine not to terminate parental rights.

(6) Upon the conclusion of proof and argument of counsel, the Circuit Court shall enter findings of fact, conclusions of law, and a decision as to each parent-respondent within thirty (30) days either:

(a) Terminating the right of the parent; or

(b) Dismissing the petition and stating whether the child shall be returned to the parent or shall remain in the custody of the state.

Signed by Governor March 18, 2025.

CHAPTER 27

(HB 132)

AN ACT relating to home and hospital instruction.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 158.033 is amended to read as follows:

(1) If in any district there are students not able even with the help of transportation to be assembled in a school, instruction shall be provided to the student in the student's home or in a hospital.

(2) For a student to be eligible for home or hospital instruction, a signed statement of the diagnosed condition requiring home or hospital instruction shall be provided in accordance with KRS 159.030(2).

(3) ***For a student admitted to an inpatient facility, the student may receive home or hospital instruction effective on the day of admittance. Nothing in this subsection shall exempt a board of education from the documentation requirements of KRS 159.030(2)(a).***

(4) For the purposes of KRS 157.360, a student instructed under this section who receives a minimum of two (2) instructional sessions a week with a minimum of one (1) hour of instruction per session by a certified teacher provided by the board of education shall equal the student attending five (5) days in school.

(5)~~[(4)]~~ For students with disabilities, the admissions and release committee shall be responsible for placement decisions regarding home or hospital instruction in accordance with the Individuals with Disabilities Education Act, 20 U.S.C. ***sec.***~~[secs.]~~ 1400 et. seq. The home or hospital instruction shall be provided pursuant to the individual education program as determined by the admissions and release committee. For the purposes of KRS 157.360, students receiving home or hospital instruction under this subsection may be counted in attendance in accordance with subsection ***(4)***~~[(3)]~~ of this section.

(6)~~[(5)]~~ The Kentucky Board of Education shall promulgate administrative regulations to establish the components of home or hospital instruction.

(7)~~[(6)]~~ An instructional session may be delivered in person, electronically, or through other means established in regulation.

Signed by Governor March 18, 2025.

CHAPTER 28

(SB 190)

AN ACT relating to charitable gaming.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 238.540 (Effective July 1, 2025) is amended to read as follows:

(1) Charitable gaming shall be conducted by a licensed charitable organization at the location, date, and time which shall be stated on the license. The licensee shall request a change in the date, time, or location of a charitable gaming event by mail, electronic mail, or facsimile transmission, and shall submit a lease and an original signature of an officer. The office shall process this request and issue or deny a license within ten (10) days.

(2) All premises or facilities on which or in which charitable gaming is conducted shall meet all applicable federal, state, and local code requirements relating to life, safety, and health.

(3) A license to conduct charitable gaming shall be prominently displayed on or in the premises where charitable gaming is conducted, in a conspicuous location that is readily accessible to gaming patrons as well as employees of the office, law enforcement officials, and other interested officials.

(4) At least one (1) chairperson who is listed on the application for licensure shall be at each charitable gaming activity conducted by the charitable organization and shall be responsible for the administration and conduct of the charitable gaming activity. ***A***~~[No]~~ person shall ***not*** serve as chairperson for more than one (1) charitable organization. The chairperson shall be readily identifiable as the chairperson and shall be present on the premises continuously during the charitable gaming activity. Charitable gaming shall be conducted and administered solely by officers, members, and bona fide employees of the licensed charitable organization. Volunteer personnel, who may or may not be members of the licensed charitable organization, may be utilized if each volunteer is readily identifiable as a volunteer. ***A person may serve as volunteer personnel for up to six (6) charitable gaming events or sessions per week. A***~~[No]~~ person engaged in the conduct and administration of charitable gaming shall ***not*** receive any compensation for services related to the charitable gaming activities, including tipping.~~[No]~~ Net receipts derived from charitable gaming shall ***not*** inure to the private benefit or financial gain of any individual. Any effort or attempt to disguise any other type of compensation or private inurement shall be considered an unauthorized diversion of funds and shall be actionable under KRS 238.995.

(5) ***A***~~[No]~~ licensed charitable organization shall ***not*** contract with, or otherwise utilize the services of, any management company, service company, or consultant in managing or conducting any aspect of charitable gaming.

(6) A licensed charitable organization shall not purchase or lease charitable gaming supplies and equipment from any person not licensed as a distributor in the Commonwealth of Kentucky.

(7) A licensed charitable organization shall not accept any merchandise prizes donated by any owner, officer, employee, or contractee of a licensed manufacturer, distributor, charitable gaming facility, or any of their affiliates, or any member of their immediate families.

(8) (a) Each organization's gaming supplies shall be maintained in a location separate from another organization's gaming supplies.

(b) This location shall also be locked and access shall be controlled.

(c) Unless otherwise directed by the office, an organization's supplies and equipment remain the property of the organization regardless of where they are stored and must be accessible to the organization at all reasonable times upon request.

(9) Any advertisement of charitable gaming, regardless of the medium used, shall contain the name of the charitable organization conducting the charitable gaming and its license number. An advertisement for a bingo session or sessions shall not advertise a bingo prize in excess of the limitation of five thousand dollars ($5,000) per twenty-four (24) hour period set forth in KRS 238.545(1).

➔Section 2. KRS 238.545 (Effective July 1, 2025) is amended to read as follows:

(1) A licensed charitable organization shall be limited by the following:

(a) In the conduct of bingo, to one (1) session per day, ***three (3)*** ~~[two (2)]~~ sessions per week, for a period not to exceed five (5) consecutive hours in any day and not to exceed ***fifteen (15)*** ~~[ten (10)]~~ total hours per week:

1. ***A*** ~~[No]~~ licensed charitable organization shall ***not*** conduct bingo at more than one (1) location during the same twenty-four (24) hour period;

2. ***A*** ~~[No]~~ licensed charitable organization shall ***not*** award prizes for bingo that exceed five thousand dollars ($5,000) in fair market value per twenty-four (24) hour period, including the value of door prizes; and

3. ***A*** ~~[No]~~ person under the age of eighteen (18) shall ***not*** be permitted to purchase bingo supplies or play bingo unless he or she is playing for noncash prizes and is accompanied by a parent or legal guardian and only if the value of any noncash prize awarded does not exceed ten dollars ($10);

(b) 1. A licensed charitable organization may provide card-minding devices for use by players of bingo games.

2. If a licensed charitable organization offers card-minding devices for use by players, the devices shall be capable of being used in conjunction with bingo cards or paper sheets at all times.

3. The office shall have broad authority to define and regulate the use of card-minding devices and the corporation shall promulgate an administrative regulation concerning use and control of them;

(c) Charity game tickets shall be sold only at the address of the location designated on the license to conduct charitable gaming;

(d) Charity game tickets may be sold, with prior approval of the office:

1. At any authorized special charity fundraising event conducted by a licensed charitable organization at any off-site location; or

2. By a licensed charitable organization possessing a special limited charitable gaming license at any off-site location; and

(e) An automated charity game ticket dispenser may be utilized by a licensed charitable organization, with the prior approval of the office, only at the address of the location designated on the license to conduct charitable gaming. The corporation shall promulgate administrative regulations regulating the use and control of approved automated charity game ticket dispensers.

(2) (a) ***A*** ~~[No]~~ prize for an individual charity game ticket shall ***not*** exceed five hundred ninety-nine dollars ($599) in value, not including the value of cumulative or carryover prizes awarded in seal card games.

(b) Cumulative or carryover prizes in seal card games shall not exceed two thousand four hundred dollars ($2,400).

(c) Information concerning rules of the particular game and prizes that are to be awarded in excess of fifty dollars ($50) in each separate package or series of packages with the same serial number and all rules governing the handling of cumulative or carryover prizes in seal card games shall be posted prominently in an area where charity game tickets are sold. A legible poster that lists prizes to be awarded, and on which prizes actually awarded are posted at the completion of the sale of each separate package shall satisfy this requirement.

(d) Any unclaimed money or prize shall return to the charitable organization.

(e) ***A*** ~~[No]~~ paper charity game ticket shall ***not*** be sold in the Commonwealth of Kentucky that does not conform to the standards for opacity, randomization, minimum information, winner protection, color, and cutting established by the office.

(f) ***An*** ~~[No]~~ electronic pulltab device representation of a charity game ticket shall ***not*** be sold in the Commonwealth of Kentucky that does not conform to the construction standards set forth in an administrative regulation promulgated by the corporation. Electronic pulltab devices shall only be used for charitable gaming.

(g) ***A*** ~~[No]~~ person under the age of eighteen (18) shall ***not*** be permitted to purchase, or open in any manner, a charity game ticket.

(3) (a) Tickets for a raffle shall be sold separately, and each ticket shall constitute a separate and equal chance to win.

(b) All raffle tickets shall be sold for the price stated on the ticket, and ***a***~~[no]~~ person shall ***not*** be required to purchase more than one (1) ticket or to pay for anything other than a ticket to enter a raffle.

(c) Raffle tickets and tickets for charity fundraising raffle games approved by the office which are offered exclusively at charity fundraising events and special limited charity fundraising events are not required to be sold separately and may be sold at discounted package rates.

(d) Raffle tickets shall have a unique identifier on each ticket.

(e) Winners shall be drawn at random at a date, time, and place announced in advance or printed on the ticket.

(f) All prizes for a raffle shall be identified in advance of the drawing and all prizes identified shall be awarded.

(4) With respect to charity fundraising events, a licensed charitable organization shall be limited as follows:

(a) ***A***~~[No]~~ licensed charitable organization shall ***not*** conduct a charity fundraising event or a special limited charity fundraising event unless they have a license for the respective event issued by the office;

(b) ***A***~~[No]~~ special license shall ***not*** be required for any wheel game, such as a cake wheel, that awards only noncash prizes the value of which does not exceed one hundred dollars ($100);

(c) The office may grant approval for a licensed charitable organization to play bingo games at a charity fundraising event. Cash prizes for bingo games played during a charity fundraising event may not exceed five thousand dollars ($5,000) for the entire event. ***A***~~[No]~~ person under the age of eighteen (18) shall ***not*** be permitted to play bingo at a charity fundraising event unless accompanied by a parent or legal guardian;

(d) The office may grant approval for a licensed charitable organization to play special limited charitable games at a charity fundraising event authorized under this section. The office shall not grant approval for the playing of special limited charitable games under the provisions of a charity fundraising event license unless the proposed event meets the definition of a charity fundraising event held for community, social, or entertainment purposes apart from charitable gaming in accordance with KRS 238.505(8);

(e) Except for state, county, city fairs, and special limited charity fundraising events, a charity fundraising event license issued under this section shall not exceed seventy-two (72) consecutive hours. A licensed charitable organization shall not be eligible for more than eight (8) total charity fundraising event licenses per year, including two (2) special limited charity fundraising event licenses. ***A***~~[No]~~ person under eighteen (18) years of age shall ***not*** be allowed to play or conduct any special limited charitable game. The office shall have broad authority to regulate the conduct of special limited charity fundraising events in accordance with the provisions of KRS 238.547; and

(f) Charity fundraising events may be held:

1. On or in the premises of a licensed charitable organization;

2. In a licensed charitable gaming facility, subject to restrictions contained in KRS 238.555(7); or

3. At an unlicensed facility which shall be subject to the requirements stipulated in KRS 238.555(3), and subject to the restrictions contained in KRS 238.547(2).

(5) Presentation of false, fraudulent, or altered identification by a minor shall be an affirmative defense in any disciplinary action or prosecution that may result from a violation of age restrictions contained in this section, if the appearance and character of the minor were such that his or her age could not be reasonably ascertained by other means.

➔Section 3. This Act takes effect July 1, 2025.

Signed by Governor March 18, 2025.

CHAPTER 29

(SB 178)

AN ACT relating to the Education and Labor Cabinet reorganization.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 151B.015 is amended to read as follows:

(1) The Education and Labor Cabinet is hereby created, which shall constitute a cabinet of the state government within the meaning of KRS Chapter 12. The cabinet shall consist of a secretary and those administrative bodies and employees as provided by law.

(2) Subject to KRS Chapter 12, the cabinet shall be composed of the major organizational units listed below, units listed in KRS 12.020, and other departments, divisions, and sections as are from time to time deemed necessary for the proper and efficient operation of the cabinet:

(a) Office of the Secretary, which shall include the Office of Legal Services, the Office of Administrative Services, the Office of Technology Services, the Office of Policy and Audit, the Office of Legislative Services, the Office of Communications, and the Office of Kentucky Center for Statistics, as follows:

1. The Office of Legal Services shall:

a. Be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050 and 12.210; and

b. Include the Workplace Standards Legal Division, Workforce Development Legal Division, and Workers' Claims Legal Division, each of which shall be headed by a general counsel appointed by the secretary with the approval of the Governor in accordance with KRS 12.050 and 12.210; and

2. The following agencies and entities are attached to the Office of the Secretary for administrative purposes only:

a. Early Childhood Advisory Council;

b. Governor's School for Entrepreneurs Program;

c. Governor's Scholar Program;

d. Board of the Kentucky Center for Statistics; and

e. Foundation for Adult Education;

(b) Department of Workers' Claims, which shall be headed by a commissioner appointed by the Governor and confirmed by the Senate in accordance with KRS 342.228. The department shall be divided for administrative purposes into the Office of Administrative Law Judges, the Division of Claims Processing, the Division of Security and Compliance, the Division of Workers' Compensation Funds, and the Division of Specialist and Medical Services. The Office of Administrative Law Judges shall be headed by a chief administrative law judge appointed in accordance with KRS 342.230. Each division in the department shall be headed by a director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The Workers' Compensation Board shall be attached to the Department of Workers' Claims for administrative purposes only;

(c) Department of Workplace Standards, which shall be headed by a commissioner appointed by the Governor in accordance with KRS 12.040 and shall be divided for administrative purposes into the Division of Occupational Safety and Health Compliance, the Division of Occupational Safety and Health Education and Training, and the Division of Wages and Hours. Each of these divisions shall be headed by a director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050;

(d) Office of Unemployment Insurance, which shall be headed by an executive director appointed by the Governor in accordance with KRS 12.040;

(e) Kentucky Unemployment Insurance Commission;

(f) Department for Libraries and Archives;

(g) Office of Educational Programs;

(h) Kentucky Workforce Innovation Board;

(i) ***Department for*** Disability Determination Services~~[Program]~~***, which shall include:***

1. Division of Operations;

2. Division of Support Services;

3. Division of Specialized Cases; and

4. Division of Case Processing; and

(j) Department of Workforce Development, which shall be headed by a commissioner appointed by the Governor in accordance with KRS 12.040 who shall report to the secretary. Each office or division in the department shall be headed by an executive director or ***division*** director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The department shall be composed of the following offices:

1. Career Development Office;

2. Office of Vocational Rehabilitation***, which shall include the Division of Program Policy and Support. The division director shall report to the executive director for the Office of Vocational Rehabilitation***;

3. Office of ***Industry***~~[Employer]~~ and Apprenticeship Services***, which shall include the Division of Apprenticeship and the Division of Workforce Talent. The division directors shall report to the executive director of the Office of Industry and Apprenticeship Services***;

4. Office of Adult Education;

5. Kentucky Apprenticeship Council, which shall be attached to the department for administrative purposes only;

6. Division of Technical Assistance; and

7. Office of the Kentucky Workforce Innovation Board.

(3) The following agencies are attached to the cabinet for administrative purposes only:

(a) Kentucky Occupational Safety and Health Review Commission;

(b) State Labor Relations Board;

(c) Workers' Compensation Funding Commission;

(d) Kentucky Occupational Safety and Health Standards Board;

(e) Kentucky Environmental Education Council;

(f) Kentucky Geographic Education Board;

(g) Board of Directors for the Center for School Safety;

(h) Kentucky Commission on Proprietary Education;

(i) Employers' Mutual Insurance Authority;

(j) Workers' Compensation Nominating Committee;

(k) Kentucky Commission on the Deaf and Hard of Hearing;

(l) Kentucky Educational Television;

(m) Kentucky Work Ready Skills Advisory Committee; and

(n) Foundation for Adult Education.

➔Section 2. KRS 151B.017 is amended to read as follows:

(1) The secretary of the Education and Labor Cabinet shall be appointed by the Governor pursuant to KRS 12.255 and shall serve at the pleasure of the Governor. The secretary shall have general supervision and direction over all activities and functions of the cabinet and its employees shall be responsible for carrying out the programs and policies of the cabinet. The secretary shall be the chief executive officer of the cabinet and shall have authority to enter into contracts, subject to the approval of the secretary of the Finance and Administration

Cabinet, when the contracts are deemed necessary to implement and carry out the programs of the cabinet. The secretary shall have the authority to require coordination and nonduplication of services provided under the federal Workforce Investment Act~~[of 1998, Pub. L. No. 105-220]~~, as amended. The secretary shall have the authority to mandate fiscal responsibility and dispute resolution procedures among state organizational units for services provided under the federal ***Workforce Innovation and Opportunity Act***~~[Workforce Investment Act of 1998]~~.

(2) (a) The secretary of the Education and Labor Cabinet, and the secretary's designated representatives, in the discharge of the duties of the secretary may:

1. Administer oaths and affirmations, take depositions, certify official acts, and issue subpoenas to compel the attendance of witnesses and parties and the production of books, papers, correspondence, memoranda, and other records considered necessary and relevant to the matter under investigation;

2. Administer oaths;

3. Examine witnesses under oath;

4. Take verification of proof or written instruments; and

5. Take testimony, depositions, and affidavits to carry out any law over which the cabinet has jurisdiction.

(b) When a person fails to comply with a cabinet subpoena, the Circuit Court of the county in which the person is found, resides, or has his principal place of business may, upon application of the secretary, his or her representative, or the party requesting the subpoena, issue an order requiring compliance. In any proceeding brought under this section, the Circuit Court having issued the order of compliance may modify or set aside the subpoena.

(c) Subpoenas issued under this section may be served by an authorized representative of the cabinet, at any place in the state.

(3) The secretary of the Education and Labor Cabinet may delegate any duties of the secretary's office to employees of the cabinet as he or she deems necessary and appropriate, unless otherwise prohibited by statute.

(4) The secretary of the Education and Labor Cabinet shall promulgate, administer, and enforce administrative regulations that are necessary to implement programs mandated by federal law, qualify for the receipt of federal funds, and cooperate with other state and federal agencies for the proper administration of the cabinet and its programs, except for programs and federal funds within the authority of the Department of Education, the Kentucky Board of Education, and the Education Professional Standards Board.

(5) The secretary of the Education and Labor Cabinet shall have the duties, responsibilities, power, and authority relating to labor, wages and hours, occupational safety and health of employees, child labor, workers' compensation, and all other matters pertaining to Kentucky labor laws and the state's regulation of labor in the Commonwealth.

(6) The secretary, in person or by representative, shall:

(a) Investigate and ascertain the wages of all employees employed in this state;

(b) Enter the place of business or employment of any employer of employees to examine and inspect all books, registers, payrolls, and other records that have a bearing upon the question of wages of employees and to ascertain compliance with the orders of the secretary; and

(c) Require from the employer a full and correct statement, in writing when the secretary or the secretary's representative considers it necessary, of the wages paid to all employees of the employer.

(7) (a) The secretary of the Education and Labor Cabinet, in person or by representative, may prosecute any violation of any provision of any law which is his or her duty to administer or enforce.

(b) 1. The secretary may enter into reciprocal agreements with the corresponding labor agency or official of any other state to collect in the other state claims assigned to the secretary.

2. To the extent allowed by a reciprocal agreement, the secretary may maintain actions in the courts of another state to collect claims and judgments for wages and assign claims and judgments to the agency or official of another state for collection.

3. If a reciprocal agreement extends a like comity to cases arising in the Commonwealth, the secretary may maintain actions in the courts of the Commonwealth to collect claims and judgments for wages arising in the other state in the same manner and to the same extent that actions are authorized when arising in the Commonwealth.

(8) The secretary of the Education and Labor Cabinet shall develop and promulgate administrative regulations that protect the confidential nature of all records and reports of the Office of Unemployment Insurance, the Career Development Office, and the Office of ***Industry*** ~~[Employer]~~ and Apprenticeship Services, which directly or indirectly identify a client or former client and which ensure that these records are not disclosed to or by any person, except if:

(a) The person identified gives his or her consent; or

(b) Disclosure may be permitted under state or federal law.

(9) Notwithstanding any other state statute or administrative regulation to the contrary, any information concerning individual clients or applicants in the possession of the Department of Workforce Development may be shared with any authorized representative of any other state or local governmental agency if the agency has a direct, tangible, and legitimate interest in the individual. The agency receiving the information shall ensure the confidentiality of all information received. The Department of Workforce Development may share information concerning a client or applicant with any private or quasi-private agency if the agency has:

(a) An agreement with the cabinet ensuring the confidentiality of the information; and

(b) A direct, tangible, and legitimate interest in the individual.

(10) The secretary of the Education and Labor Cabinet, with the approval of the Governor, shall appoint necessary deputies, attorneys, statisticians, inspectors, and other employees and fix their salaries according to law. These employees shall receive their actual necessary expenses.

➔Section 3. KRS 151B.185 is amended to read as follows:

(1) The Office of Vocational Rehabilitation is hereby created within the Education and Labor Cabinet, Department of Workforce Development. The office shall consist of an executive director and those administrative bodies and employees provided or appointed pursuant to law. The office shall be composed of ***the Division of Program Policy and Support,*** the Division of Kentucky Business Enterprise, the Division of Blind Services, the Division of Field Services, and the Division of the Carl D. Perkins Vocational Training Center. Each division shall be headed by a director appointed by the secretary of the Education and Labor Cabinet under the provisions of KRS 12.050, and shall be composed of organizational entities as deemed appropriate by the secretary of the Education and Labor Cabinet.

(2) The Office of Vocational Rehabilitation shall have such powers and duties as contained in KRS 151B.180 to 151B.210 and KRS 163.450 to 163.480 and such other functions as may be established by administrative regulation.

(3) The office shall be the sole state agency for the purpose of developing and approving state plans required by state or federal laws and regulations as prerequisites to receiving federal funds for vocational rehabilitation.

(4) The chief executive officer of the office shall be the executive director of the Office of Vocational Rehabilitation. The executive director shall be appointed by the secretary of the Education and Labor Cabinet under the provisions of KRS 12.050. The executive director shall have experience in vocational rehabilitation and supervision and shall have general supervision and direction over all functions of the office and its employees, and shall be responsible for carrying out the programs and policies of the office.

(5) Except as otherwise provided, the office shall be the state agency responsible for all rehabilitation services and for other services as deemed necessary. The office shall be the agency authorized to expend all state and federal funds designated for rehabilitation services. The Office of the Secretary of the Education and Labor Cabinet is authorized as the state agency to receive all state and federal funds and gifts and bequests for the benefit of rehabilitation services.

(6) Employees under the jurisdiction of the Office of Vocational Rehabilitation who are members of a state retirement system as of June 30, 1990, shall remain in their respective retirement systems.

➔Section 4. KRS 12.020 (Effective July 1, 2025) is amended to read as follows:

Departments, program cabinets and their departments, and the respective major administrative bodies that they include are enumerated in this section. It is not intended that this enumeration of administrative bodies be all-

inclusive. Every authority, board, bureau, interstate compact, commission, committee, conference, council, office, or any other form of organization shall be included in or attached to the department or program cabinet in which they are included or to which they are attached by statute or statutorily authorized executive order; except in the case of the Personnel Board and where the attached department or administrative body is headed by a constitutionally elected officer, the attachment shall be solely for the purpose of dissemination of information and coordination of activities and shall not include any authority over the functions, personnel, funds, equipment, facilities, or records of the department or administrative body.

I. Cabinet for General Government - Departments headed by elected officers:

(1) The Governor.

(2) Lieutenant Governor.

(3) Department of State.

(a) Secretary of State.

(b) Board of Elections.

(c) Registry of Election Finance.

(4) Department of Law.

(a) Attorney General.

(5) Department of the Treasury.

(a) Treasurer.

(6) Department of Agriculture.

(a) Commissioner of Agriculture.

(b) Agricultural Development Board.

(c) Kentucky Agricultural Finance Corporation.

(7) Auditor of Public Accounts.

(a) Commonwealth Office of the Ombudsman.

II. Program cabinets headed by appointed officers:

(1) Justice and Public Safety Cabinet:

(a) Department of Kentucky State Police.

1. Office of Administrative Services.

a. Division of Operational Support.

b. Division of Management Services.

2. Office of Operations.

a. Division of West Troops.

b. Division of East Troops.

c. Division of Special Enforcement.

d. Division of Commercial Vehicle Enforcement.

3. Office of Technical Services.

a. Division of Forensic Sciences.

b. Division of Electronic Services.

c. Division of Records Management.

(b) Department of Criminal Justice Training.

(c) Department of Corrections.

(d) Department of Juvenile Justice.

(e) Office of the Secretary.

(f) Office of Drug Control Policy.

(g) Office of Legal Services.

(h) Office of the Kentucky State Medical Examiner.

(i) Parole Board.

(j) Kentucky State Corrections Commission.

(k) Office of Legislative and Intergovernmental Services.

(l) Office of Human Resource Management.

1. Division of Human Resource Administration.

2. Division of Employee Management.

(m) Department of Public Advocacy.

(n) Office of Communications.

1. Information Technology Services Division.

(o) Office of Financial Management Services.

1. Division of Financial Management.

(p) Grants Management Division.

(2) Energy and Environment Cabinet:

(a) Office of the Secretary.

1. Office of Legislative and Intergovernmental Affairs.

2. Office of Legal Services.

a. Legal Division I.

b. Legal Division II.

3. Office of Administrative Hearings.

4. Office of Communication.

5. Mine Safety Review Commission.

6. Office of Kentucky Nature Preserves.

7. Kentucky Public Service Commission.

(b) Department for Environmental Protection.

1. Office of the Commissioner.

2. Division for Air Quality.

3. Division of Water.

4. Division of Environmental Program Support.

5. Division of Waste Management.

6. Division of Enforcement.

7. Division of Compliance Assistance.

(c) Department for Natural Resources.

1. Office of the Commissioner.

2. Division of Mine Permits.

3. Division of Mine Reclamation and Enforcement.
4. Division of Abandoned Mine Lands.
5. Division of Oil and Gas.
6. Division of Mine Safety.
7. Division of Forestry.
8. Division of Conservation.
9. Office of the Reclamation Guaranty Fund.

(d) Office of Energy Policy.
1. Division of Energy Assistance.

(e) Office of Administrative Services.
1. Division of Human Resources Management.
2. Division of Financial Management.
3. Division of Information Services.

(3) Public Protection Cabinet.

(a) Office of the Secretary.
1. Office of Communications and Public Outreach.
2. Office of Legal Services.
a. Insurance Legal Division.
b. Alcoholic Beverage Control Legal Division.
c. Housing, Buildings and Construction Legal Division.
d. Financial Institutions Legal Division.
e. Professional Licensing Legal Division.
3. Office of Administrative Hearings.
4. Office of Administrative Services.
a. Division of Human Resources.
b. Division of Fiscal Responsibility.

(b) Office of Claims and Appeals.
1. Board of Tax Appeals.
2. Board of Claims.
3. Crime Victims Compensation Board.

(c) Kentucky Boxing and Wrestling Commission.

(d) Department of Alcoholic Beverage Control.
1. Division of Distilled Spirits.
2. Division of Malt Beverages.
3. Division of Enforcement.

(e) Department of Financial Institutions.
1. Division of Depository Institutions.
2. Division of Non-Depository Institutions.
3. Division of Securities.

(f) Department of Housing, Buildings and Construction.

1. Division of Fire Prevention.
2. Division of Plumbing.
3. Division of Heating, Ventilation, and Air Conditioning.
4. Division of Building Code Enforcement.

(g) Department of Insurance.

1. Division of Health and Life Insurance and Managed Care.
2. Division of Property and Casualty Insurance.
3. Division of Administrative Services.
4. Division of Financial Standards and Examination.
5. Division of Licensing.
6. Division of Insurance Fraud Investigation.
7. Division of Consumer Protection.

(h) Department of Professional Licensing.

1. Real Estate Authority.
2. Division of Real Property Boards.

(4) Transportation Cabinet:

(a) Department of Highways.

1. Office of Project Development.
2. Office of Project Delivery and Preservation.
3. Office of Highway Safety.
4. Highway District Offices One through Twelve.

(b) Department of Vehicle Regulation.

(c) Department of Aviation.

(d) Department of Rural and Municipal Aid.

1. Office of Local Programs.
2. Office of Rural and Secondary Roads.

(e) Office of the Secretary.

1. Office of Public Affairs.
2. Office for Civil Rights and Small Business Development.
3. Office of Budget and Fiscal Management.
4. Office of Inspector General.
5. Secretary's Office of Safety.

(f) Office of Support Services.

(g) Office of Transportation Delivery.

(h) Office of Audits.

(i) Office of Human Resource Management.

(j) Office of Information Technology.

(k) Office of Legal Services.

(5) Cabinet for Economic Development:

(a) Office of the Secretary.

1. Office of Legal Services.

2. Department for Business and Community Development.

a. Development and Retention Division – West Kentucky.

b. Development, Retention, and Administrative Division – Central and East Kentucky.

c. Community and Workforce Development Division.

3. Department for Financial Services.

a. Kentucky Economic Development Finance Authority.

b. Finance and Personnel Division.

c. IT and Resource Management Division.

d. Compliance Division.

e. Program Administration Division.

f. Bluegrass State Skills Corporation.

g. The GRANT Commission.

4. Office of Strategy and Public Affairs.

a. Marketing and Communications Division.

b. Research and Strategy Division.

5. Office of Entrepreneurship and Innovation.

a. Commission on Small Business Innovation and Advocacy.

(6) Cabinet for Health and Family Services:

(a) Office of the Secretary.

1. Office of Public Affairs.

2. Office of Legal Services.

3. Office of Inspector General.

4. Office of Human Resource Management.

5. Office of Finance and Budget.

6. Office of Legislative and Regulatory Affairs.

7. Office of Administrative Services.

8. Office of Application Technology Services.

9. Office of Data Analytics.

10. Office of Medical Cannabis.

a. Division of Enforcement and Compliance.

b. Division of Licensure and Access.

(b) Department for Public Health.

(c) Department for Medicaid Services.

(d) Department for Behavioral Health, Developmental and Intellectual Disabilities.

(e) Department for Aging and Independent Living.

(f) Department for Community Based Services.

(g) Department for Family Resource Centers and Volunteer Services.

(7) Finance and Administration Cabinet:

(a) Office of the Secretary.

(b) Office of the Inspector General.

(c) Office of Legislative and Intergovernmental Affairs.

(d) Office of General Counsel.

(e) Office of the Controller.

(f) Office of Administrative Services.

(g) Office of Policy and Audit.

(h) Department for Facilities and Support Services.

(i) Department of Revenue.

(j) Commonwealth Office of Technology.

(k) State Property and Buildings Commission.

(l) Office of Equal Employment Opportunity and Contract Compliance.

(m) Kentucky Employees Retirement Systems.

(n) Commonwealth Credit Union.

(o) State Investment Commission.

(p) Kentucky Housing Corporation.

(q) Kentucky Local Correctional Facilities Construction Authority.

(r) Kentucky Turnpike Authority.

(s) Historic Properties Advisory Commission.

(t) Kentucky Higher Education Assistance Authority.

(u) Kentucky River Authority.

(v) Kentucky Teachers' Retirement System Board of Trustees.

(w) Executive Branch Ethics Commission.

(x) Office of Fleet Management.

(8) Tourism, Arts and Heritage Cabinet:

(a) Kentucky Department of Tourism.

1. Division of Tourism Services.

2. Division of Marketing and Administration.

3. Division of Communications and Promotions.

(b) Kentucky Department of Parks.

1. Division of Information Technology.

2. Division of Human Resources.

3. Division of Financial Operations.

4. Division of Purchasing.

5. Division of Facilities.

6. Division of Park Operations.

7. Division of Sales, Marketing, and Customer Service.
8. Division of Engagement.
9. Division of Food Services.
10. Division of Rangers.

(c) Department of Fish and Wildlife Resources.
1. Division of Law Enforcement.
2. Division of Administrative Services.
3. Division of Engineering, Infrastructure, and Technology.
4. Division of Fisheries.
5. Division of Information and Education.
6. Division of Wildlife.
7. Division of Marketing.

(d) Kentucky Horse Park.
1. Division of Support Services.
2. Division of Buildings and Grounds.
3. Division of Operational Services.

(e) Kentucky State Fair Board.
1. Office of Administrative and Information Technology Services.
2. Office of Human Resources and Access Control.
3. Division of Expositions.
4. Division of Kentucky Exposition Center Operations.
5. Division of Kentucky International Convention Center.
6. Division of Public Relations and Media.
7. Division of Venue Services.
8. Division of Personnel Management and Staff Development.
9. Division of Sales.
10. Division of Security and Traffic Control.
11. Division of Information Technology.
12. Division of the Louisville Arena.
13. Division of Fiscal and Contract Management.
14. Division of Access Control.

(f) Office of the Secretary.
1. Office of Finance.
2. Office of Government Relations and Administration.

(g) Office of Legal Affairs.

(h) Office of Human Resources.

(i) Office of Public Affairs and Constituent Services.

(j) Office of Arts and Cultural Heritage.

(k) Kentucky African-American Heritage Commission.

(l) Kentucky Foundation for the Arts.

(m) Kentucky Humanities Council.

(n) Kentucky Heritage Council.

(o) Kentucky Arts Council.

(p) Kentucky Historical Society.

1. Division of Museums.

2. Division of Oral History and Educational Outreach.

3. Division of Research and Publications.

4. Division of Administration.

(q) Kentucky Center for the Arts.

1. Division of Governor's School for the Arts.

(r) Kentucky Artisans Center at Berea.

(s) Northern Kentucky Convention Center.

(t) Eastern Kentucky Exposition Center.

(9) Personnel Cabinet:

(a) Office of the Secretary.

(b) Department of Human Resources Administration.

(c) Office of Employee Relations.

(d) Kentucky Public Employees Deferred Compensation Authority.

(e) Office of Administrative Services.

(f) Office of Legal Services.

(g) Governmental Services Center.

(h) Department of Employee Insurance.

(i) Office of Diversity, Equality, and Training.

(j) Office of Public Affairs.

(10) Education and Labor Cabinet:

(a) Office of the Secretary.

1. Office of Legal Services.

a. Workplace Standards Legal Division.

b. Workers' Claims Legal Division.

c. Workforce Development Legal Division.

2. Office of Administrative Services.

a. Division of Human Resources Management.

b. Division of Fiscal Management.

c. Division of Operations and Support Services.

3. Office of Technology Services.

a. Division of Information Technology Services.

4. Office of Policy and Audit.

5. Office of Legislative Services.

6. Office of Communications.
7. Office of the Kentucky Center for Statistics.
8. Board of the Kentucky Center for Statistics.
9. Early Childhood Advisory Council.
10. Governors' Scholars Program.
11. Governor's School for Entrepreneurs Program.
12. Foundation for Adult Education.

(b) Department of Education.
1. Kentucky Board of Education.
2. Kentucky Technical Education Personnel Board.
3. Education Professional Standards Board.

(c) Board of Directors for the Center for School Safety.

(d) Department for Libraries and Archives.

(e) Kentucky Environmental Education Council.

(f) Kentucky Educational Television.

(g) Kentucky Commission on the Deaf and Hard of Hearing.

(h) Department of Workforce Development.
1. Career Development Office.
2. Office of Vocational Rehabilitation.
a. Division of Kentucky Business Enterprise.
b. Division of the Carl D. Perkins Vocational Training Center.
c. Division of Blind Services.
d. Division of Field Services.
e. Statewide Council for Vocational Rehabilitation.
f. Employment First Council**.**
g. Division of Program Policy and Support.
3. Office of ***Industry***~~[Employer]~~ and Apprenticeship Services.
a. Division of Apprenticeship.
b. Division of Workforce Talent.
4. Kentucky Apprenticeship Council.
5. Division of Technical Assistance.
6. Office of Adult Education.
7. Office of the Kentucky Workforce Innovation Board.

(i) Department of Workplace Standards.
1. Division of Occupational Safety and Health Compliance.
2. Division of Occupational Safety and Health Education and Training.
3. Division of Wages and Hours.

(j) Office of Unemployment Insurance.

(k) Kentucky Unemployment Insurance Commission.

(l) Department of Workers' Claims.

1. Division of Workers' Compensation Funds.
2. Office of Administrative Law Judges.
3. Division of Claims Processing.
4. Division of Security and Compliance.
5. Division of Specialist and Medical Services.
6. Workers' Compensation Board.

(m) Workers' Compensation Funding Commission.

(n) Kentucky Occupational Safety and Health Standards Board.

(o) State Labor Relations Board.

(p) Employers' Mutual Insurance Authority.

(q) Kentucky Occupational Safety and Health Review Commission.

(r) Workers' Compensation Nominating Committee.

(s) Office of Educational Programs.

(t) Kentucky Workforce Innovation Board.

(u) Kentucky Commission on Proprietary Education.

(v) Kentucky Work Ready Skills Advisory Committee.

(w) Kentucky Geographic Education Board.

(x) ***Department for*** Disability Determination Services~~[Program]~~**.**

1. Division of Operations.

2. Division of Support Services.

3. Division of Specialized Cases.

4. Division of Case Processing.

III. Other departments headed by appointed officers:

(1) Council on Postsecondary Education.

(2) Department of Military Affairs.

(3) Department for Local Government.

(4) Kentucky Commission on Human Rights.

(5) Kentucky Commission on Women.

(6) Department of Veterans' Affairs.

(7) Kentucky Commission on Military Affairs.

(8) Office of Minority Empowerment.

(9) Governor's Council on Wellness and Physical Activity.

(10) Kentucky Communications Network Authority.

➔Section 5. This Act takes effect July 1, 2025.

Signed by Governor March 18, 2025.

CHAPTER 30

(SCR 43)

A CONCURRENT RESOLUTION expressing Kentucky's support for the Crisis Recovery Support Network coordinated by the Southern Regional Education Board, expressing support for Kentucky's participation in the network, and recognizing the network as a trusted support for Kentucky schools, districts, and postsecondary institutions to know they may call upon if the need arises.

WHEREAS, after natural disasters such as hurricanes, tornadoes, and floods, after school shootings, and in public emergencies, recovery must be prioritized as a long-term process, rather than an immediate response only; and

WHEREAS, states, school districts, and postsecondary institutions have focused on crisis prevention and management, but may not have the capacity to provide sustained counseling support for their students, teachers, communities, and even their own counselors during the recovery stage; and

WHEREAS, rural school districts and institutions in particular tend to have fewer counselors and limited access to additional counseling resources; and

WHEREAS, school counselors are often expected to respond to student needs after tragedy, even as they themselves grapple with the emotional toll, underscoring the need for external support for the entire school community; and

WHEREAS, schools and institutions affected by crisis may require at least a year of dedicated support to fully recover; and

WHEREAS, recovery efforts can strain resources that are already stretched thin, given that a National Center for Education Statistics study showed that less than half of public schools surveyed believe that their school is equipped to provide mental health services to all students in need; and

WHEREAS, recovery is an extended healing process for students and adults alike, and having additional counselors come to the aid of a school or institution in extreme need supports the healing process of all people in the community, including teachers and counselors; and

WHEREAS, specialized training for counselors is essential to ensure they have received psychological first aid training and provide counseling that aligns with the unique needs of an educational environment; and

WHEREAS, research shows that students who receive adequate support after a crisis are more likely to succeed academically, remain in school, and contribute positively to society; and

WHEREAS, the Southern Regional Education Board (SREB), with its 75-year history of partnering with states to improve education, is uniquely equipped to lead this effort because of its ability to mobilize key education and policymaking stakeholders at all levels; and

WHEREAS, SREB will cover the cost of a coordinator to operate the network, as well as travel costs for network counselors during training and deployment; and

WHEREAS, SREB has secured funding for the first two years of training for a pool of counselors from each SREB state; and

WHEREAS, the Kentucky General Assembly is aware that SREB will ask states for $10,000 in additional funding in two years to sustain training of counselors;

NOW, THEREFORE,

Be it resolved by the Senate of the General Assembly of the Commonwealth of Kentucky, the House of Representatives concurring therein:

➔Section 1. To meet the urgent need for a coordinated, region-wide effort to provide consistent long-term counseling capacity that is ready to deploy immediately after a crisis is managed, the Kentucky General Assembly supports the mission of the Southern Regional Education Board (SREB) Crisis Recovery Support Network. The SREB, in close collaboration with governors' offices, state education agencies, local school districts, and postsecondary institutions, will complement existing school and district crisis management efforts by focusing on long-term healing and psychological resilience by deploying counselors with specialized training to schools in extreme need.

➔Section 2. The Clerk of the Senate is directed to transmit a copy of this Resolution to Dr. Stephen Pruitt, President, Southern Regional Education Board; Dr. Robbie Fletcher, Commissioner, Kentucky Department of Education; Dr. Aaron Thompson, President, Kentucky Council on Postsecondary Education; and Governor Andy Beshear.

Signed by Governor March 18, 2025.

CHAPTER 31

(HB 157)

AN ACT relating to special license plates.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 186.162 is amended to read as follows:

(1) As used in this section and in KRS 186.043, 186.164, 186.166, 186.1722, and 186.174:

(a) "Special license plate" means a unique license plate issued under this chapter to a group or organization that readily identifies the operator of the motor vehicle or motorcycle bearing the plate as a member of a group or organization, or a supporter of the work, goals, or mission of a group or organization. The term shall not include regular license plates issued under KRS 186.240;

(b) "Street rod" means a modernized private passenger motor vehicle manufactured prior to the year 1949, or designed or manufactured to resemble a vehicle manufactured prior to 1949;

(c) "SF" means the portion of an initial or renewal fee to obtain a special license plate that is dedicated for use by the Transportation Cabinet;

(d) "CF" means the county clerk's fee for issuing a motor vehicle registration as established under KRS 186.040(1). If a CF amount is charged for a license plate listed in this section, the applicant for that plate shall also pay the fees identified in KRS 186.040(6). If a CF amount is not charged, the applicant shall not be required to pay those fees; and

(e) "EF" means the portion of an initial or renewal fee to obtain a special license plate that is mandated by this chapter to be dedicated for use by a particular group or organization.

(2) The initial purchase fee and renewal fee for a special license plate created under this chapter shall be as established in this subsection and includes the name of group or organization and the total initial and renewal fee required for the plate. The amount in parentheses indicates how the total fee is required to be divided:

(a) Disabled veterans who receive assistance to purchase a vehicle from the United States Department of Veterans' Affairs, veterans declared by the United States Department of Veterans' Affairs to be one hundred percent (100%) service-connected disabled, and recipients of the Congressional Medal of Honor:

1. Initial Fee: $0 ($0 SF/$0 CF/$0 EF).

2. Renewal Fee: $0 ($0 SF/$0 CF/$0 EF).

(b) Former prisoners of war and survivors of Pearl Harbor:

1. Initial Fee: $23 ($12 SF/$6 CF/$5 EF to the veterans' program trust fund established under KRS 40.460).

2. Renewal Fee: $11 ($0 SF/$6 CF/$5 EF to the veterans' program trust fund established under KRS 40.460).

(c) Members of the Kentucky National Guard and recipients of the Purple Heart:

1. Initial Fee: $23 ($12 SF/$6 CF/$5 EF to the veterans' program trust fund established under KRS 40.460).

2. Renewal Fee: $11 ($0 SF/$6 CF/$5 EF to the veterans' program trust fund established under KRS 40.460).

(d) Members of the Civil Air Patrol; active, retired, veteran, reserve, or auxiliary members of the United States Army, Navy, Air Force, Marine Corps, Space Force, or Coast Guard; Merchant Marines who served between December 7, 1941, and August 15, 1945; recipients of the Silver Star Medal, the Legion

of Merit Medal, the Distinguished Flying Cross, the Air Medal, the Combat Action Badge, the Combat Infantry Badge, or the Bronze Star Medal; persons who wish to receive Gold Star Mothers, Gold Star Fathers, or Gold Star Spouses license plates beyond the two (2) exempted from fees under KRS 186.041(6); individuals eligible for a special military service academy license plate under KRS 186.041(8); individuals eligible for a special military unit license plate under KRS 186.163; and disabled veterans who have been declared to be between fifty percent (50%) and ninety-nine percent (99%) service-connected disabled by the United States Department of Veterans' Affairs:

1. Initial Fee: $23 ($12 SF/$6 CF/$5 EF to the veterans' program trust fund established under KRS 40.460).
2. Renewal Fee: $23 ($12 SF/$6 CF/$5 EF to the veterans' program trust fund established under KRS 40.460).

(e) Recipients of the Distinguished Service Cross, Navy Cross, or Air Force Cross:

1. Initial Fee: $6 ($0 SF/$6 CF/$0 EF).
2. Renewal Fee: $6 ($0 SF/$6 CF/$0 EF).

(f) Disabled license plates:

1. Initial Fee: $18 ($12 SF/$6 CF/$0 EF).
2. Renewal Fee: $18 ($12 SF/$6 CF/$0 EF).

(g) Historic vehicles:

1. Initial Fee for two plates: $56 ($50 SF/$6 CF/$0 EF).
2. Renewal Fee: Do not renew annually.

(h) Members of Congress:

1. Initial Fee: $43 ($37 SF/$6 CF/$0 EF).
2. Renewal Fee: $23 ($12 SF/$6 CF/$5 EF to the veterans' program trust fund established under KRS 40.460).

(i) Firefighters:

1. Initial Fee: $28 ($12 SF/$6 CF/$10 EF to the Kentucky Firefighters Association).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to the Kentucky Firefighters Association).

(j) Emergency management:

1. Initial Fee: $31 ($25 SF/$6 CF/$0 EF).
2. Renewal Fee: $18 ($12 SF/$6 CF/$0 EF).

(k) Fraternal Order of Police:

1. Initial Fee: $41 ($25 SF/$6 CF/$10 EF to the Kentucky FOP Death Benefit Fund).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to the Kentucky FOP Death Benefit Fund).

(l) Law Enforcement Memorial:

1. Initial Fee: $41 ($25 SF/$6 CF/$10 EF to the Kentucky Law Enforcement Memorial Foundation, Inc.).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to the Kentucky Law Enforcement Memorial Foundation, Inc.).

(m) Personalized plates for a motor vehicle that is required to be registered under the provisions of KRS 186.050(1), (3)(a), or (4)(a), or a motorcycle required to be registered under the provisions of KRS 186.050(2):

1. Initial Fee: $43 ($37 SF/$6 CF/$0 EF).
2. Renewal Fee: $43 ($37 SF/$6 CF/$0 EF).

(n) Street rods:

1. Initial Fee: $43 ($37 SF/$6 CF/$0 EF).
2. Renewal Fee: $18 ($12 SF/$6 CF/$0 EF).

(o) Nature plates:

1. Initial Fee: $28 ($12 SF/$6 CF/$10 EF to Kentucky Heritage Land Conservation Fund established under KRS 146.570).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to Kentucky Heritage Land Conservation Fund established under KRS 146.570).

(p) Amateur radio:

1. Initial Fee: $43 ($37 SF/$6 CF/$0 EF).
2. Renewal Fee: $18 ($12 SF/$6 CF/$0 EF).

(q) Kentucky General Assembly:

1. Initial Fee: $43 ($37 SF/$6 CF/$0 EF).
2. Renewal Fee: $23 ($12 SF/$6 CF/$5 EF to the veterans' program trust fund established under KRS 40.460).

(r) Kentucky Court of Justice:

1. Initial Fee: $43 ($37 SF/$6 CF/$0 EF).
2. Renewal Fee: $11 ($0 SF/$6 CF/$5 EF to the veterans' program trust fund established under KRS 40.460).

(s) Masons:

1. Initial Fee: $41 ($25 SF/$6 CF/$10 EF to the Masonic Homes of Kentucky).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to the Masonic Homes of Kentucky).

(t) Collegiate plates:

1. Initial Fee: $53 ($37 SF/$6 CF/$10 EF to the general scholarship fund of the university whose name will be borne on the plate).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to the general scholarship fund of the university whose name will be borne on the plate).

(u) Independent Colleges:

1. Initial Fee: $41 ($25 SF/$6 CF/$10 EF to the Association of Independent Kentucky Colleges and Universities for distribution to the general scholarship funds of the Association's members).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to the Association of Independent Kentucky Colleges and Universities for distribution to the general scholarship funds of the Association's members).

(v) Child Victims:

1. Initial Fee: $41 ($25 SF/$6 CF/$10 EF to the child victims' trust fund established under KRS 41.400).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to the child victims' trust fund established under KRS 41.400).

(w) Kentucky Horse Council:

1. Initial Fee: $41 ($25 SF/$6 CF/$10 EF to the Kentucky Horse Council).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to the Kentucky Horse Council).

(x) Ducks Unlimited:

1. Initial Fee: $41 ($25 SF/$6 CF/$10 EF to Kentucky Ducks Unlimited).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to Kentucky Ducks Unlimited).

(y) Spay neuter:

1. Initial Fee: $28 ($12 SF/$6 CF/$10 EF to the animal control and care fund established under KRS 258.119).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to the animal control and care fund established under KRS 258.119).

(z) Gold Star Mothers, Gold Star Fathers, or Gold Star Spouses:

1. Initial Fee: $0 ($0 SF/$0 CF/ $0 EF).
2. Renewal Fee: $0 ($0 SF/$0 CF/ $0 EF).
3. A person may receive a maximum of two (2) plates under this paragraph free of charge and may purchase additional plates for fees as established in subsection (2)(d) of this section.

(aa) I Support Veterans:

1. Initial Fee: $28 ($12 SF/$6 CF/$10 EF to the Kentucky Department of Veterans' Affairs).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to the Kentucky Department of Veterans' Affairs).

(ab) Gold Star Siblings, Gold Star Sons, or Gold Star Daughters:

1. Initial Fee: $28 ($12 SF/$6 CF/$10 EF to the veterans' program trust fund established under KRS 40.460).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to the veterans' program trust fund established under KRS 40.460).

(ac) POW/MIA Awareness:

1. Initial Fee: $41 ($25 SF/$6 CF/$10 EF to the veterans' program trust fund established under KRS 40.460).
2. Renewal Fee: $28 ($12 SF/$6 CF/$10 EF to the veterans' program trust fund established under KRS 40.460).

(ad) Personalized plates for a recreational vehicle that is required to be registered under the provisions of KRS 186.050(11):

1. Initial Fee: $51 ($45 SF/$6 CF/$0 EF).
2. Renewal Fee: $51 ($45 SF/$6 CF/$0 EF).

(ae) ***Friends of Kentucky Agriculture:***

1. Initial Fee: $28 ($12 SF/$6 CF/$10 EF to the agricultural program trust fund established under KRS 246.247).

2. Renewal Fee: $23 ($12 SF/$6 CF/$5 EF to the agricultural program trust fund established under KRS 246.247).

(af) Special license plates established under KRS 186.164:

1. Initial Fee: $41 ($25 SF/$6 CF/$10 EF).
2. Renewal Fee: $41 ($25 SF/$6 CF/$10 EF).

(3) Any special license plate may be combined with a personalized license plate for a twenty-five dollar ($25) state fee in addition to all other fees for the particular special license plate established in this section and in KRS 186.164(3). The twenty-five dollar ($25) fee required under this subsection shall be divided between the cabinet and the county clerk of the county where the applicant is applying for the license plate with the cabinet receiving twenty dollars ($20) and the county clerk receiving five dollars ($5).

(4) (a) A sponsoring organization of any special license plate issued under this section or any special license plate established under the provisions of KRS 186.164 may petition the cabinet for the production of that special license plate for motorcycles.

(b) The cabinet shall make all of the special military license plates in this section available for motorcycles owned or leased by eligible individuals.

(c) Owners and lessees of motorcycles registered under KRS 186.050(2) may be eligible to receive special license plates approved by the cabinet under paragraphs (a) and (b) of this subsection. Applicants for a special license plate for a motorcycle shall be required to pay the fee for a special plate as prescribed in this section or in KRS 186.164. The fee paid for the special plate for a motorcycle shall be in lieu of the registration fee required under KRS 186.050(2).

(5) The Transportation Cabinet shall:

(a) Identify the cost of issuing a child victims' trust fund special license plate under subsection (2)(v) of this section; and

(b) Transfer any revenue received from the initial or renewal SF fee that is in excess of the cost identified in paragraph (a) of this subsection to the child victims' trust fund established under KRS 41.400.

➔Section 2. KRS 186.166 is amended to read as follows:

(1) The Transportation Cabinet shall, unless directed otherwise by the General Assembly, perpetually produce the following special license plates: military license plates, military unit license plates, U.S. Congressional license plates, firefighter license plates, emergency management license plates, Fraternal Order of Police license plates, Law Enforcement Memorial license plates, street rod license plates, nature license plates, amateur radio license plates, Kentucky General Assembly license plates, Kentucky Court of Justice license plates, Masonic Order license plates, collegiate license plates, independent college and university license plates, child victims' trust fund license plates, Kentucky Horse Council license plates, Ducks Unlimited license plates, Gold Star Mothers, Fathers, and Spouses license plates, Gold Star Siblings, Sons, and Daughters license plates, Silver Star Medal license plates, Legion of Merit Medal license plates, Bronze Star Medal license plates, Air Medal license plates, Distinguished Flying Cross license plates, Combat Action Badge license plates, Combat Infantry Badge license plates, POW/MIA Awareness license plates, spay neuter license plates, service academy license plates, ***Friends of Kentucky Agriculture license plates,*** and I Support Veterans license plates.

(2) The design of the plates identified for perpetual production under this section may be revised upon request of a group or organization requesting a design revision under the provisions of KRS 186.164(15).

(3) (a) The design of a Purple Heart license plate shall not include any representation of the word "Kentucky" that is a registered trademark or slogan which appears on a general issue license plate.

(b) The design of a Purple Heart license plate shall include a representation of the Purple Heart medal and the words "Combat Wounded."

Signed by Governor March 18, 2025.

CHAPTER 32

(HB 27)

AN ACT relating to planned communities.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 381.800 is amended to read as follows:

(1) The governing documents of an association shall not prohibit the outdoor display of political yard signs by an owner or resident on the owner's or resident's property. Signs shall be displayed no earlier than thirty (30) days before any special, primary, or regular election and no later than seven (7) days after that election unless a longer time period is provided by local ordinance. The governing documents may include reasonable rules and regulations regarding the placement, size, and manner of display of political yard signs.

(2) All planned communities in this Commonwealth shall be subject to the provisions of subsection (1) of this section, and any provision of any existing governing document of a planned community in contravention of subsection (1) is void.

Signed by Governor March 18, 2025.

CHAPTER 33

(SB 77)

AN ACT relating to education.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 161.028 is amended to read as follows:

(1) The Education Professional Standards Board is recognized to be a public body corporate and politic and an agency and instrumentality of the Commonwealth, in the performance of essential governmental functions. The Education Professional Standards Board has the authority and responsibility to:

(a) Establish standards and requirements for obtaining and maintaining a teaching certificate;

(b) Set standards for, approve, and evaluate college, university, and school district programs for the preparation of teachers and other professional school personnel. College or university programs may be approved by the board for a college or university with regional institutional level accreditation or national institutional level accreditation that is recognized by the United States Department of Education and is eligible to receive federal funding under 20 U.S.C. secs. 1061 to 1063. Program standards shall reflect national standards and shall address, at a minimum, the following:

1. The alignment of programs with the state's core content for assessment as defined in KRS 158.6457;

2. Research-based classroom practices, including effective classroom management techniques;

3. Emphasis on subject matter competency of teacher education students;

4. Methodologies to meet diverse educational needs of all students;

5. The consistency and quality of classroom and field experiences, including early practicums and student teaching experiences;

6. The amount of college-wide or university-wide involvement and support during the preparation as well as the induction of new teachers;

7. The diversity of faculty;

8. The effectiveness of partnerships with local school districts; and

9. The performance of graduates on various measures as determined by the board;

(c) Conduct an annual review of diversity in teacher preparation programs;

(d) Provide assistance to universities and colleges in addressing diversity, which may include researching successful strategies and disseminating the information, encouraging the development of nontraditional avenues of recruitment and providing incentives, waiving administrative regulations when needed, and other assistance as deemed necessary;

(e) Discontinue approval of programs that do not meet standards or whose graduates do not perform according to criteria set by the board;

(f) Issue, renew, revoke, suspend, or refuse to issue or renew; impose probationary or supervisory conditions upon; issue a written reprimand or admonishment; or any combination of actions regarding any certificate;

(g) Develop specific guidelines to follow upon receipt of an allegation of sexual misconduct by an employee certified by the Education Professional Standards Board. The guidelines shall include investigation, inquiry, and hearing procedures which ensure the process does not revictimize the alleged victim or cause harm if an employee is falsely accused;

(h) Receive, along with investigators hired by the Education Professional Standards Board, training on the dynamics of sexual misconduct of professionals, including the nature of this abuse of authority, characteristics of the offender, the impact on the victim, the possibility and the impact of false accusations, investigative procedures in sex offense cases, and effective intervention with victims and offenders;

(i) Recommend to the Kentucky Board of Education the essential data elements relating to teacher preparation and certification, teacher supply and demand, teacher attrition, teacher diversity, and employment trends to be included in a state comprehensive data and information system and periodically report data to the ***appropriate*** Interim Joint Committee on Education;

(j) Submit reports to the Governor and the Legislative Research Commission and inform the public on the status of teaching in Kentucky;

(k) Devise a credentialing system that provides alternative routes to gaining certification and greater flexibility in staffing local schools while maintaining standards for teacher competence;

(l) Develop a professional code of ethics;

(m) Charge reasonable fees for the issuance, reissuance, and renewal of certificates that are established by administrative regulation. The proceeds shall be used to meet a portion of the costs of the issuance, reissuance, and renewal of certificates, and the costs associated with disciplinary action against a certificate holder under KRS 161.120;

(n) Waive a requirement that may be established in an administrative regulation promulgated by the board. A request for a waiver shall be submitted to the board, in writing, by an applicant for certification, a postsecondary institution, or a superintendent of a local school district, with appropriate justification for the waiver. The board may approve the request if the person or institution seeking the waiver has demonstrated extraordinary circumstances justifying the waiver. Any waiver granted under this subsection shall be subject to revocation if the person or institution falsifies information or subsequently fails to meet the intent of the waiver;

(o) Promote the development of one (1) or more innovative, nontraditional or alternative administrator or teacher preparation programs through public or private colleges or universities, private contractors, the Department of Education, or the Kentucky Commonwealth Virtual University and waive administrative regulations if needed in order to implement the program;

(p) Grant approval, if appropriate, of a university's request for an alternative program that enrolls an administrator candidate in a postbaccalaureate administrator preparation program concurrently with employment as an assistant principal, principal, assistant superintendent, or superintendent in a local school district. An administrator candidate in the alternative program shall be granted a temporary provisional certificate and shall be a candidate in the Kentucky Principal Internship Program, notwithstanding provisions of KRS 161.030, or the Superintendent's Assessment process, notwithstanding provisions of KRS 156.111, as appropriate. The temporary certificate shall be valid for a maximum of two (2) years, and shall be contingent upon the candidate's continued enrollment in the preparation program and compliance with all requirements established by the board. A professional certificate shall be issued upon the candidate's successful completion of the program, internship requirements, and assessments as required by the board;

(q) Employ consultants as needed;

(r) Enter into contracts. Disbursements to professional educators who receive less than one thousand dollars ($1,000) in compensation per fiscal year from the board for serving on an assessment validation panel or as a test scorer or proctor shall not be subject to KRS 45A.690 to 45A.725;

(s) Sponsor studies, conduct research, conduct conferences, and publish information as appropriate; and

(t) Issue orders as necessary in any administrative action before the board.

(2) (a) The board shall be composed of seventeen (17) members. The secretary of the Education and Labor Cabinet and the president of the Council on Postsecondary Education, or their designees, shall serve as ex officio voting members. The Governor shall make the following fifteen (15) appointments:

1. Nine (9) members who shall be teachers representative of elementary, middle or junior high, secondary, special education, and secondary vocational classrooms;

2. Two (2) members who shall be school administrators, one (1) of whom shall be a school principal;

3. One (1) member representative of local boards of education; and

4. Three (3) members representative of postsecondary institutions, two (2) of whom shall be deans of colleges of education at public universities and one (1) of whom shall be the chief academic officer ***or head of an educator preparation program*** of an independent not-for-profit college or university.

(b) The members appointed by the Governor shall be confirmed by the Senate under KRS 11.160. If the General Assembly is not in session at the time of the appointment, persons appointed shall serve prior to confirmation, but the Governor shall seek the consent of the Senate at the next regular session or at an intervening extraordinary session if the matter is included in the call of the General Assembly.

(c) Each appointed member shall serve a three (3) year term. A vacancy on the board shall be filled in the same manner as the original appointment within sixty (60) days after it occurs. A member shall continue to serve until his or her successor is named. Any member who, through change of employment status or residence, or for other reasons, no longer meets the criteria for the position to which he or she was appointed shall no longer be eligible to serve in that position.

(d) Members of the board shall serve without compensation but shall be permitted to attend board meetings and perform other board business without loss of income or other benefits.

(e) A state agency or any political subdivision of the state, including a school district, required to hire a substitute for a member of the board who is absent from the member's place of employment while performing board business shall be reimbursed by the board for the actual amount of any costs incurred.

(f) A chairman shall be elected by and from the membership. A member shall be eligible to serve no more than three (3) one (1) year terms in succession as chairman. Regular meetings shall be held at least semiannually on call of the chairman.

(g) The commissioner of education shall serve as executive secretary to the board and may designate staff to facilitate his or her duties.

(h) To carry out the functions relating to its duties and responsibilities, the board is empowered to receive donations and grants of funds; to appoint consultants as needed; and to sponsor studies, conduct conferences, and publish information.

➔Section 2. KRS 164.295 is amended to read as follows:

(1) The six (6) state comprehensive universities:

(a) Shall provide, upon approval of the Council on Postsecondary Education, associate and baccalaureate programs of instruction;

(b) Shall provide, upon approval of the Council on Postsecondary Education, graduate programs of instruction~~[at the master's degree level]~~ in education, business, and the arts and sciences, specialist degrees, and programs beyond the master's-degree level to meet the requirements for teachers, school leaders, and other certified personnel; and

(c) Shall provide research and service programs directly related to the needs of their primary geographical areas.

(2) A comprehensive university may provide***, upon approval of the Council on Postsecondary Education***:

(a) Programs of a community college nature in their own community comparable to those listed for the Kentucky Community and Technical College System, as provided in KRS 164.580; ***and***

(b) ~~[Upon approval of the Council on Postsecondary Education, an advanced practice doctoral program in nursing in compliance with KRS 314.111 and 314.131; and~~

~~(c) Upon approval of the Council on Postsecondary Education, one (1) or more additional Advanced practice]~~Doctoral programs***, including but not limited to Doctor of Philosophy degree programs, advanced practice doctoral degree programs, and doctoral degree programs for professional practice and licensure***.

(3) ***In order to be eligible to submit a proposal for a new doctoral program to the Council on Postsecondary Education, a comprehensive university shall maintain:***

(a) A first to second year retention rate in at least two (2) of the last three (3) years:

1. In the seventy-fifth percentile of all comprehensive universities nationally; or

2. In the eightieth percentile of all comprehensive universities within states that are members of the Southern Regional Education Board;

(b) A six (6) year graduate rate for bachelor's degrees in at least two (2) of the last three (3) years:

1. In the seventy-fifth percentile of all comprehensive universities nationally; or

2. In the eightieth percentile of all comprehensive universities within states that are members of the Southern Regional Education Board; and

(c) Sufficient unrestricted cash reserves and short-term investments to cover the institution's total operating and nonoperating expenses for three (3) months as calculated from the prior fiscal year's audited financial statement~~[The Council on Postsecondary Education, in consultation with the Advisory Conference of Presidents pursuant to KRS 164.021, shall develop criteria and conditions upon which an advanced practice doctoral degree program may be approved. The criteria shall include but not be limited to a determination of the academic and workforce needs for a program, consideration of whether the program can be effectively delivered through a collaborative effort with an existing program at another public university within the Commonwealth, and the capacity of a university to effectively offer the program. A university requesting approval of an advanced practice doctoral program shall be required to provide assurance that funding for the program will not impair funding of any existing program at any other public university]~~.

(4) ***(a) If a comprehensive university is seeking to offer a new doctoral program which may require additional general fund appropriations for capital or operating expenses beyond the university's regular appropriations, the university shall submit a proposal to the Council on Postsecondary Education for review and evaluation. The council's review shall include but not be limited to:***

1. The proposed program's alignment with the mission and goals of the comprehensive university;

2. The statewide or regional need the proposed program seeks to fill and how the comprehensive university, through the offering of this program, would fill this need;

3. Student demand for the proposed program;

4. Employer demand for the proposed program, including any potential industry partners;

5. Utilization of current institutional resources to deliver the proposed program and how the program would complement existing program offerings and not shift resources away from those existing programs;

6. A five (5) year budgetary analysis of the proposed program, including program costs, funding sources projected to support the program, and the amount of general fund appropriations needed for capital or operating expenses;

7. The proposed program curriculum;

8. Any specialized accreditation or licensure requirements for the proposed program and analysis of how those would be met;

9. Admission and graduation requirements for the proposed program; and

10. Administrative oversight to ensure the quality of the proposed program~~[The council shall promulgate administrative regulations setting forth the agreed on criteria and conditions identified under subsection (3) of this section]~~.

(b) Any specialized resources needed by the council to evaluate a comprehensive university's proposal for a new doctoral program submitted in accordance with paragraph (a) of this subsection shall be funded by the comprehensive university.

(c) A proposal submitted in accordance with paragraph (a) of this subsection shall be submitted no later than January 1 of an odd-numbered year for consideration in the council's budget request for the next biennial budget in accordance with KRS 164.020(10) and 164.7915.

(5) ***The Council on Postsecondary Education shall review each proposal submitted in accordance with subsection (4)(a) of this section and shall make a recommendation to the General Assembly on the viability of the proposed program. The recommendation:***

(a) Shall identify whether a general fund appropriation should be made to fund capital or operations for the proposed program amount. If the council recommends a general fund appropriation, the recommendation shall include a proposed amount for the general fund appropriation; and

(b) May provide recommendations regarding alternative options to meet any statewide or regional needs identified by the comprehensive university in its proposal~~[The council shall review advanced practice doctorates consistent with its review schedule for all other academic programs]~~.

(6) If the General Assembly appropriates funds for a doctoral program proposed in accordance with subsection (4)(a) of this section:

(a) The comprehensive university shall submit the program approval request to the council for regular review and approval. The Council on Postsecondary Education may:

1. Provide conditional approval of the program to permit the institution to begin the process of programmatic accreditation as required for professional practice; and

2. Condition final approval upon obtaining full programmatic accreditation, as applicable; and

(b) The Council on Postsecondary Education shall review the doctoral program at least once every five (5) years to ensure continued efficacy, productivity, and quality and in conjunction with KRS 164.020(16).

(7) A comprehensive university seeking to offer a new doctoral degree program that certifies that the new doctoral degree program will not require additional general fund appropriations for capital or operating expenses beyond the regular appropriations shall submit a proposal to the Council on Postsecondary Education for review and approval through a process developed by the council in accordance with KRS 164.020(15). In developing its process, the council shall consider the elements set forth in subsection (4)(a) of this section, as applicable.

(8)~~[(6)]~~ A comprehensive university shall not~~[:~~

~~(a) Offer the terminal degrees of Doctor of Philosophy or Doctor of Musical Arts; doctor's degrees required for professional practice and licensure in medicine, veterinary medicine, chiropractic, dentistry, pharmacy, law, or optometry; or the primary degree required for professional practice and licensure in architecture. The existing school of law at Northern Kentucky University is exempted from the requirements of this paragraph; or~~

~~(b)~~] describe itself in official publications or in marketing materials as a research university or research institution ***unless designated as such by a nationally recognized authority for the classification of research universities***. Nothing in this ***subsection***~~[paragraph]~~ shall be construed as precluding a comprehensive university from conducting basic, applied, or translational research.

➔Section 3. If a comprehensive university meets the eligibility requirements of subsection (3) of Section 2 of this Act and seeks to submit a doctoral program for review or approval which was studied as part of 2024 Ky. Acts ch. 199, and included in the report submitted pursuant to 2024 Ky. Acts ch. 199, sec. 2, the comprehensive university shall use the results of that study for its proposal to the Council on Postsecondary Education for review and evaluation for consideration in the Council's 2026-2028 biennial budget recommendation notwithstanding subsection (4)(c) of Section 2 of this Act. The Council may request additional information as necessary, but shall not require specialized resources as described in subsection (4)(b) of Section 2 of this Act.

➔Section 4. Pursuant to KRS 164.020(15), the Council on Postsecondary Education shall ensure that the process to approve new doctoral degree programs at the University of Kentucky and University of Louisville, as authorized in KRS 164.125 and KRS 164.815, is consistent with the process set forth in subsections (4) to (7) of Section 2 of this Act.

Signed by Governor March 19, 2025.

CHAPTER 34

(HB 54)

AN ACT relating to building trade professions.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 198B IS CREATED TO READ AS FOLLOWS:

(1) The department shall recognize and allow dual credit students receiving directly related on-the-job training equivalencies of internship and cooperative placement hours to count toward the hours necessary to obtain licensure in a profession regulated by the department, including but not limited to electrician, plumbing, and heating, ventilation, and air conditioning licenses.

(2) The maximum equivalencies to count toward licensure under subsection (1) of this section shall be:

(a) For electrician licenses, up to four thousand (4,000) hours in accordance with KRS 227A.060;

(b) For plumber licenses, up to two (2) years; and

(c) For heating, ventilation, and air conditioning licenses, up to three thousand (3,000) hours.

(3) The department shall establish a reporting system under this section through the promulgation of administrative regulations in accordance with KRS Chapter 13A.

(4) The department shall utilize the current administrative regulations governing licensure attainment to determine the eligibility and applicability of directly related on-the-job training hours, ensuring alignment with existing licensure requirements and standards.

Signed by Governor March 19, 2025.

CHAPTER 35

(SB 176)

AN ACT relating to the Legislative Research Commission and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 6.905 is amended to read as follows:

(1) ***(a)*** There is created a Legislative Oversight and Investigations Committee which shall be a permanent standing committee of the General Assembly, consisting of eight (8) members of the Senate, six (6) of whom shall be appointed by the President and two (2) of whom shall be appointed by the Minority Leader of the Senate, and eight (8) members of the House of Representatives, six (6) of whom shall be appointed by the Speaker and two (2) of whom shall be appointed by the Minority Leader of the House of Representatives. At least one (1) appointee by each appointive authority shall be a member of the Senate or House Standing Committee on Appropriations and Revenue.

(b) The members of the Legislative Oversight and Investigations Committee shall be appointed in January of each odd-numbered year for a two (2) year term.

(c) Any vacancy that may occur in the membership of the committee shall be filled within thirty (30) days of occurrence, in the same manner as the original appointment, and for the balance of the vacated member's term.

(2) The President and the Speaker shall each appoint a co-chair and vice chair from their respective bodies. The co-chairs shall have joint responsibilities for committee meeting agendas and presiding at committee meetings. On an alternating basis, each co-chair shall have the first option to set the monthly meeting date. A monthly meeting may be canceled by agreement of both co-chairs. A majority of the entire membership of the Legislative Oversight and Investigations Committee shall constitute a quorum, and all actions of the committee shall be by vote of a majority of its entire membership.

(3) Each member of the committee shall receive the same travel allowances and compensation for attending interim meetings of the committee as are received by members of subcommittees of the Legislative Research Commission under KRS 7.090(3).

➔Section 2. KRS 7.200 is amended to read as follows:

(1) The Commission on Race and Access to Opportunity is hereby established within the legislative department of state government. The purpose of the commission shall be to conduct studies and research on issues where disparities may exist across the sectors of educational equity, child welfare, health, economic opportunity, juvenile justice, criminal justice, and any other sectors that are deemed relevant in an effort to identify areas of improvement in providing services and opportunities for minority communities.

(2) ***(a)*** The commission shall be composed of the following thirteen (13) members:

1.~~[(a)]~~ One (1) member appointed by the President of the Senate and the Speaker of the House of Representatives from a list of three (3) names provided by the Prosecutors Advisory Council;

2.~~[(b)]~~ Four (4) members of the Senate, two (2) of whom shall be appointed by the Senate President, and two (2) of whom shall be appointed by the Senate Minority Floor Leader;

3.~~[(c)]~~ Four (4) members of the House of Representatives, two (2) of whom shall be appointed by the Speaker of the House, and two (2) of whom shall be appointed by the House Minority Floor Leader; and

4.~~[(d)]~~ Four (4) members from the private and nonprofit sectors, universities, or local governments who have expertise in social policy related to education, health, economic development, or the law and who shall be appointed for up to two (2) consecutive, three (3) year terms by the following:

a.~~[1.]~~ One (1) shall be appointed by the Senate President;

b.~~[2.]~~ One (1) shall be appointed by the Senate Minority Floor Leader;

c.~~[3.]~~ One (1) shall be appointed by the Speaker of the House; and

d.~~[4.]~~ One (1) shall be appointed by the House Minority Floor Leader***.***

(b) The legislative members of the commission appointed under subparagraphs 2. and 3. of paragraph (a) of this subsection shall be appointed in January of each odd-numbered year for a two (2) year term.

(3) The President of the Senate and the Speaker of the House shall each appoint one (1) co-chair of the commission from among that chamber's members appointed to the commission.

(4) Any vacancy which may occur in the membership of the commission shall be filled ***within thirty (30) days of the occurrence, in the same manner as***~~[by the appointing authority who made]~~ the original appointment***, and for the balance of the vacated member's term***.

(5) The commission shall have the authority to:

(a) Hold monthly meetings during the interim meeting period of the General Assembly;

(b) Seek comment, testimony, documents, records, or other information from various government agencies and organizations representing the public to address existing and potential barriers to minority success and empowerment; and

(c) Provide research-driven policy proposals and actionable items when areas of improvement are identified.

(6) A majority of the entire membership of the commission shall constitute a quorum.

(7) The Legislative Research Commission shall have exclusive jurisdiction over the employment of personnel necessary to carry out the provisions of this section.

(8) The commission shall publish and submit an annual report to the Legislative Research Commission with recommendations on any potential legislative or administrative actions with respect to their findings.

➔Section 3. KRS 7A.110 is amended to read as follows:

(1) The Capital Planning Advisory Board of the Kentucky General Assembly shall consist of sixteen (16) members. The manner of appointment and terms of the members of the board shall be as follows:

(a) Four (4) members shall be appointed by the Governor to represent the executive branch of state government. These members shall serve for a term of four (4) years and until their successors are appointed.

(b) Four (4) members shall be appointed by the Chief Justice of the Supreme Court to represent the judicial branch of state government. These members shall serve for a term of four (4) years and until their successors are appointed.

(c) Four (4) members shall represent the legislative branch of state government and shall be appointed ***for terms of two (2) years*** and serve as follows:

1. The Speaker of the House of Representatives shall appoint two (2) members ***in January of each odd-numbered year***,~~[each of whom shall serve while a member of the House for the term for which he has been elected, and]~~ one (1) of whom shall be designated co-chair; and

2. The President of the Senate shall appoint two (2) members ***in January of each odd-numbered year***,~~[each of whom shall serve while a member of the Senate for the term for which he has been elected, and]~~ one (1) of whom shall be designated co-chair.

(d) Four (4) public members shall be appointed from the Commonwealth at large, one (1) by the Governor, one (1) by the Chief Justice, one (1) by the President of the Senate, and one (1) by the Speaker of the House of Representatives. The public members shall serve for a term of four (4) years and until their successors are appointed.

(2) Any vacancy ***which may occur in the membership of***~~[on]~~ the board shall be filled ***within thirty (30) days of the occurrence,*** in the same manner as the original appointment***, and for the balance of the vacated member's term***.

(3) The co-chairs shall have joint responsibilities for board meeting agendas and presiding at board meetings.

(4) On an alternating basis, each co-chair shall have the first option to set the monthly meeting date. A monthly meeting may be canceled by agreement of both co-chairs. The board shall meet at least twice during each calendar year.

(5) Members of the board shall be entitled to reimbursement for expenses incurred in the performance of their duties.

(6) A majority of the entire membership of the Capital Planning Advisory Board shall constitute a quorum, and all actions of the board shall be by vote of a majority of its entire membership.

➔Section 4. KRS 7A.185 is amended to read as follows:

(1) The~~[Investments in]~~ Information Technology~~[Improvement and Modernization Projects]~~ Oversight ***Committee***~~[Board]~~ is hereby established and shall consist of six (6) members to be appointed ***as follows***~~[in accordance with the following]~~:

(a) The Speaker of the House of Representatives shall appoint three (3) current members of the House of Representatives, one (1) of whom shall be designated co-chair, and at least one (1) of the three (3) members shall represent the minority party;

(b) The President of the Senate shall appoint three (3) current members of the Senate, one (1) of whom shall be designated co-chair, and at least one (1) of the three (3) members shall represent the minority party;~~[and]~~

(c) All members shall be active members of the Kentucky General Assembly during their terms of appointment***; and***

(d) All members appointed pursuant to this subsection shall be appointed in January of each odd-numbered year for a two (2) year term.

(2) Any vacancy on the ***committee***~~[board]~~ shall be filled in the same manner as the original appointment***, within thirty (30) days of the occurrence, and the newly appointed member shall serve for the balance of the vacated member's term***.

(3) The co-chairs shall have joint responsibilities for ***committee***~~[board]~~ meetings, agendas, and presiding at ***committee***~~[board]~~ meetings.

(4) On an alternating basis, each co-chair shall have the first option to set the~~[monthly]~~ meeting date. A~~[monthly]~~ meeting may be canceled by agreement of both co-chairs. The ***committee***~~[board]~~ shall meet at least twice during each calendar year.

(5) Members of the ***committee***~~[board]~~ shall be entitled to reimbursement for expenses incurred in the performance of their duties.

(6) A majority of the entire membership of the ***committee***~~[board]~~ shall constitute a quorum, and all actions of the ***committee***~~[board]~~ shall be by vote of a majority of its entire membership.

(7) The purpose of the ***committee***~~[board]~~ is to:

(a) Review investment and funding strategies for projects to improve or modernize state agency information technology systems, including:

1. Legacy ***systems;***~~[system projects and]~~

2. Cybersecurity ***systems***~~[projects]~~; and

3.~~[2.]~~ The current and ongoing operation and maintenance of state agency information ***technology systems of applications***~~[resources]~~;

(b) Determine the appropriate organizational structure for deployment of technology across the Commonwealth; and

(c) Review the latest information technology developments trending across the nation.

➔Section 5. KRS 7A.220 is amended to read as follows:

(1) The Public Pension Oversight Board shall be composed of the following twenty-three (23) members:

(a) 1. Four (4) members of the General Assembly appointed by the Speaker of the House of Representatives~~[, each of whom shall serve while a member of the House for the term for which he or she has been elected]~~, one (1) of whom shall be the chair or a vice chair of the House Standing Committee on Appropriations and Revenue; and

2. Two (2) members of the General Assembly appointed by the Speaker of the House of Representatives,~~[each of whom shall serve while a member of the House for the term for which he or she has been elected, and who]~~ each ***of whom*** shall be selected to ensure ***that*** representation on the board by House members of the General Assembly is in closer proportion to the representation of each political party in the House of Representatives.

~~[Of]~~The members appointed pursuant to this paragraph ***shall be appointed in January of each odd-numbered year for a two (2) year term***, ***and*** the Speaker shall designate one (1) as co-chair of the board;

(b) 1. Four (4) members of the General Assembly appointed by the President of the Senate~~[, each of whom shall serve while a member of the Senate for the term for which he or she has been elected]~~, one (1) of whom shall be the chair or a vice chair of the Senate Standing Committee on Appropriations and Revenue; and

2. Two (2) members of the General Assembly appointed by the President of the Senate,~~[each of whom shall serve while a member of the Senate for the term for which he or she has been elected, and who]~~ each ***of whom*** shall be selected to ensure ***that*** representation on the board by Senate members of the General Assembly is in closer proportion to the representation of each political party in the Senate.

~~[Of]~~The members appointed pursuant to this paragraph ***shall be appointed in January of each odd-numbered year for a two (2) year term***, ***and*** the President shall designate one (1) as co-chair of the board;

(c) Two (2) members of the General Assembly appointed by the Minority Floor Leader of the Senate ***in January of each odd-numbered year for a two (2) year term***~~[, who shall serve while a member of the Senate for the term for which he or she has been elected]~~;

(d) Two (2) members of the General Assembly appointed by the Minority Floor Leader of the House of Representatives ***appointed in January of each odd-numbered year for a two (2) year term***~~[, who shall serve while a member of the House for the term for which he or she has been elected]~~;

(e) One (1) individual appointed by the Speaker of the House of Representatives, who shall be certified as a chartered financial analyst (CFA) with at least ten (10) years of investment experience or who shall possess at least ten (10) years of retirement experience as defined by subsection (2) of this section;

(f) One (1) individual appointed by the President of the Senate, who shall be certified as a chartered financial analyst (CFA) with at least ten (10) years of investment experience or who shall possess at least ten (10) years of retirement experience as defined by subsection (2) of this section;

(g) The state budget director or his or her designee;

(h) The Auditor of Public Accounts or his or her designee;

(i) The Attorney General or his or her designee; and

(j) Two (2) individuals appointed by the Governor, one (1) of whom shall be certified as a chartered financial analyst (CFA) with at least ten (10) years of investment experience and one (1) of whom shall possess at least ten (10) years of retirement experience as defined by subsection (2) of this section.

(2) For purposes of this section, "retirement experience" means:

(a) Experience in retirement or pension plan management;

(b) A certified public accountant with relevant experience in retirement or pension plan accounting;

(c) An actuary with relevant experience in retirement or pension plan consulting;

(d) An attorney licensed to practice law in the Commonwealth of Kentucky with relevant experience in retirement or pension plans; or

(e) A current or former university professor whose primary area of emphasis is economics or finance.

(3) Individuals appointed under subsection (1)(e), (f), and (j) of this section shall not:

(a) Be a member of the General Assembly;

(b) Be employed by a state agency of the Commonwealth of Kentucky or receiving a contractual payment for services rendered to a state agency of the Commonwealth of Kentucky that would conflict with his or her service to the board; or

(c) Serve more than three (3) consecutive four (4) year terms on the board.

(4) Any vacancy which may occur in the membership of the board shall be filled ***within thirty (30) days of the occurrence, in the same manner as***~~[by the appointing authority who made]~~ the original appointment***, and for the balance of the vacated member's term***.

(5) Individuals appointed under subsection (1)(e), (f), and (j) of this section shall serve a term of four (4) years.

➔Section 6. KRS 13A.020 is amended to read as follows:

(1) ***(a)*** There is hereby created a permanent subcommittee of the Legislative Research Commission to be known as the Administrative Regulation Review Subcommittee.

(b) The subcommittee shall be composed of eight (8) members appointed ***in January of each odd-numbered year*** as follows: three (3) members of the Senate appointed by the President; one (1) member of the minority party in the Senate appointed by the Minority Floor Leader in the Senate; three (3) members of the House of Representatives appointed by the Speaker of the House of Representatives; and one (1) member of the minority party in the House of Representatives appointed by the Minority Floor Leader in the House of Representatives. The members of the subcommittee shall serve for terms

of two (2) years, and the ***President of the Senate and Speaker of the House of Representatives*** ~~[members appointed from each chamber]~~ shall ***each appoint*** ~~[elect]~~ one (1) member ***of the subcommittee*** from their chamber to serve as co-chair.

(c) Any vacancy that may occur in the membership of the subcommittee shall be filled ***within thirty (30) days of the occurrence, in*** ~~[by]~~ the same ***manner as*** ~~[appointing authority who made]~~ the original appointment***, and for the balance of the vacated member's term***.

(2) On an alternating basis, each co-chair shall have the first option to set the monthly meeting date. A monthly meeting may be rescheduled by agreement of both co-chairs. The co-chairs shall have joint responsibilities for subcommittee meeting agendas and presiding at subcommittee meetings. The members of the subcommittee shall be compensated for attending meetings, as provided in KRS 7.090(3).

(3) Any professional, clerical, or other employees required by the subcommittee shall be provided in accordance with the provisions of KRS 7.090(4) and (5).

(4) A majority of the entire membership of the Administrative Regulation Review Subcommittee shall constitute a quorum, and all actions of the subcommittee shall be by vote of a majority of its entire membership.

➔Section 7. KRS 15A.063 is amended to read as follows:

(1) The Juvenile Justice Oversight Council is created for the purpose of providing independent review of the state juvenile justice system and providing recommendations to the General Assembly. The council shall actively review the implementation of all juvenile justice reforms enacted by the General Assembly, collect and review performance measurement data, and continue to review the juvenile justice system for changes that improve public safety, hold youth accountable, provide better outcomes for children and families, and control juvenile justice costs.

(2) (a) The membership of the council shall include the following:

1. The secretary of the Justice and Public Safety Cabinet, ex officio;
2. The commissioner of the Department for Behavioral Health, Developmental and Intellectual Disabilities, ex officio;
3. The commissioner of the Department for Community Based Services, ex officio;
4. The commissioner of the Department of Juvenile Justice, ex officio;
5. The commissioner of the Department of Education, ex officio;
6. The director of the Administrative Office of the Courts, ex officio;
7. The Public Advocate, ex officio;
8. The Senate chair of the Committee on Judiciary, nonvoting ex officio;
9. The House chair of the Committee on Judiciary, nonvoting ex officio;
10. One (1) member of the Senate appointed by the President of the Senate, and one (1) member of the minority party in the Senate appointed by the Minority Floor Leader in the Senate, who shall serve as ex officio, nonvoting members for the duration of the terms for which they were elected;
11. One (1) member of the House of Representatives appointed by the Speaker of the House of Representatives, and one (1) member of the minority party in the House of Representatives appointed by the Minority Floor Leader in the House of Representatives, who shall serve as ex officio, nonvoting members for the duration of the terms for which they were elected; and
12. Five (5) at-large members appointed by the Governor, as follows:
    a. One (1) member representing public schools or an education group or organization;
    b. One (1) District Judge nominated by the Chief Justice of the Kentucky Supreme Court;
    c. One (1) member representing law enforcement;
    d. One (1) member of the County Attorneys' Association nominated by the Attorney General; and

e. One (1) member representing community-based organizations, whether for-profit or nonprofit, with experience in programs for juveniles, including substance abuse prevention and treatment, case management, mental health, or counseling.

(b) ***1.*** The chairs of the House and Senate Judiciary Committees shall serve as co-chairs.

2. The legislative members appointed pursuant to subsection (2)(a)10. and 11. of this section shall be appointed in January of each odd-numbered year for a two (2) year term.

(c) At-large members shall be appointed by August 1, 2022, shall serve a term of two (2) years, and may be reappointed.

(d) Each ex officio member, except for legislative members, may designate a proxy by written notice to the council prior to call of order of each meeting, and the proxy shall be entitled to participate as a full voting member.

(e) Except as otherwise provided by law, members shall not be compensated for being members of the council but shall be reimbursed for ordinary travel expenses, including meals and lodging, incurred while performing council business.

(f) The council shall meet at least quarterly. A quorum, consisting of a majority of the membership of the council, shall be required for the transaction of business. Meetings shall be held at the call of the chair, or upon the written request of two (2) members to the chair.

(g) Any vacancy that may occur in the membership of the council shall be filled within thirty (30) days of the occurrence, in the same manner as the original appointment, and for the balance of the vacated member's term.

(3) The council shall:

(a) Review the implementation of the reforms enacted by the General Assembly;

(b) Review performance measures and recommend modifications;

(c) Review all policies to confirm implementation as established by legislation enacted by the General Assembly and administrative regulations promulgated thereunder;

(d) Review the fiscal incentive program established pursuant to KRS 15A.062;

(e) Collect and review performance data and recommend any additional performance measures needed to identify outcomes in the juvenile justice system;

(f) Review the information received from the Department of Education pursuant to KRS 156.095, and determine whether any action is necessary, including additional performance measures, funding, or legislation;

(g) Continue review of juvenile justice areas determined appropriate by the council, including:

1. Status offense reform;

2. Necessary training for school resource officers as defined in KRS 158.441, in juvenile justice best practices, research, and impacts on recidivism and long-term outcomes;

3. Graduated sanctions protocols in public schools, including their current use and their development statewide;

4. A minimum age of criminal responsibility;

5. Competency;

6. Reforms to the family resource and youth service centers in the Cabinet for Health and Family Services;

7. Population levels in Department of Juvenile Justice facilities, and the potential for closure of facilities while maintaining staffing ratios necessary to comply with applicable accreditation standards; and

8. Whether juvenile court hearings should be open to the public;

(h) Review and make recommendations regarding:

1. The structure and staffing of the Department of Juvenile Justice;
2. Training of juvenile justice staff;
3. The adequacy of current programs and facilities operated by the Department of Juvenile Justice;
4. Best practices in juvenile justice programs and facilities; and
5. Other topics as determined by the council; and

(i) Report by December 1, 2023, and by December 1 of each year thereafter, to the Interim Joint Committee on Judiciary and the Governor and make recommendations to the General Assembly for any additional legislative changes the council determines appropriate.

(4) The council shall be attached to the Legislative Research Commission for administrative purposes.

(5) The council shall terminate on July 1, 2030, unless the General Assembly extends the term of the council.

➔Section 8. KRS 45.790 is amended to read as follows:

(1) There is created a permanent subcommittee of the Legislative Research Commission to be known as the Capital Projects and Bond Oversight Committee. The subcommittee shall be composed of eight (8) members appointed as follows: three (3) members of the Senate appointed by the President of the Senate; one (1) member of the minority party in the Senate appointed by the Minority Floor Leader in the Senate; three (3) members of the House of Representatives appointed by the Speaker of the House of Representatives; and one (1) member of the minority party in the House of Representatives appointed by the Minority Floor Leader in the House of Representatives. The members of the subcommittee shall ***be appointed in January of each odd-numbered year and*** serve for terms of two (2) years.~~[, and]~~ The ***President of the Senate and Speaker of the House of Representatives***~~[members appointed from each chamber]~~ shall ***each appoint***~~[elect]~~ one (1) member ***of the subcommittee*** from their chamber to serve as co-chair. Any vacancy which may occur in the membership of the subcommittee shall be filled ***within thirty (30) days of the occurrence, in the same manner as***~~[by the appointing authority who made]~~ the original appointment***, and for the balance of the vacated member's term***.

(2) On an alternating basis, each co-chair shall have the first option to set the monthly meeting date. A monthly meeting may be canceled by agreement of both co-chairs. The co-chairs shall have joint responsibilities for subcommittee meeting agendas and presiding at subcommittee meetings. The members of the subcommittee shall be compensated for attending meetings as provided in KRS 7.090(3).

(3) Any professional, clerical, or other employees required by the subcommittee shall be provided in accordance with KRS 7.090(4) and (5).

(4) A majority of the entire membership of the Capital Projects and Bond Oversight Committee shall constitute a quorum, and all actions of the subcommittee shall be by vote of a majority of its entire membership.

➔Section 9. KRS 45A.705 is amended to read as follows:

(1) There is hereby created a permanent committee of the Legislative Research Commission to be known as the Government Contract Review Committee. The committee shall be composed of eight (8) members appointed as follows: three (3) members of the Senate appointed by the President of the Senate; one (1) member of the minority party in the Senate appointed by the Minority Floor Leader in the Senate; three (3) members of the House of Representatives appointed by the Speaker of the House of Representatives; and one (1) member of the minority party in the House of Representatives appointed by the Minority Floor Leader in the House of Representatives. Members shall ***be appointed in January of each odd-numbered year and*** serve for terms of two (2) years.~~[, and]~~ The ***President of the Senate and the Speaker of the House of Representatives***~~[members appointed from each chamber]~~ shall elect one (1) member ***of the committee*** from their chamber to serve as co-chair. Any vacancy that may occur in the membership of the committee shall be filled ***within thirty (30) days of the occurrence, in the same manner as***~~[by the appointing authority who made]~~ the original appointment***, and for the balance of the vacated member's term***.

(2) On an alternating basis, each co-chair shall have the first option to set the monthly meeting date. A monthly meeting may be canceled by agreement of both co-chairs. The co-chairs shall have joint responsibilities for committee meeting agendas and presiding at committee meetings. A majority of the entire membership of the Government Contract Review Committee shall constitute a quorum, and all actions of the committee shall be by vote of a majority of its entire membership. The members of the committee shall be compensated for attending meetings, as provided in KRS 7.090(3).

(3) Any professional, clerical, or other employees required by the committee shall be provided in accordance with the provisions of KRS 7.090(4) and (5).

(4) All proposed personal service contracts, tax incentive agreements, and memoranda of agreement received by the Legislative Research Commission shall be submitted to the committee to:

(a) Examine the stated need for the service or benefit to the Commonwealth of the motion picture or entertainment production;

(b) Examine whether the service could or should be performed by state personnel, for personal service contracts and memoranda of agreement;

(c) Examine the amount and duration of the contract or agreement; and

(d) Examine the appropriateness of any exchange of resources or responsibilities.

(5) The committee shall review a personal service contract, tax incentive agreement, or memorandum of agreement submitted to the Legislative Research Commission within forty-five (45) days of the date received.

(6) If the committee determines that the contract service or agreement, other than:

(a) A contract necessary in the exercise of the enumerated powers specifically granted to the Governor pursuant to Sections 75, 76, 77, 78, 79, and 80 of the Constitution of Kentucky or any subsequent amendments to the Constitution of Kentucky which specifically designate enumerated powers to the Governor; or

(b) An emergency contract approved by the secretary of the Finance and Administration Cabinet or his or her designee;

is not needed or inappropriate, the motion picture or entertainment production is not beneficial or is inappropriate, the service could or should be performed by state personnel, the amount or duration is excessive, or the exchange of resources or responsibilities are inappropriate, the committee shall attach a written notation of its nonbinding recommendations regarding the personal service contract, tax incentive agreement, or memorandum of agreement and shall forward the personal service contract, tax incentive agreement, or memorandum of agreement to the State Treasurer or his or her designee.

(7) Upon receipt of the committee's nonbinding recommendations regarding a personal service contract, tax incentive agreement, or memorandum of agreement, the State Treasurer or his or her designee shall determine whether the personal service contract, tax incentive agreement, or memorandum of agreement shall:

(a) 1. Be revised by the Treasurer and returned to the secretary of the Finance and Administration Cabinet or his or her designee; and

2. The Finance and Administration Cabinet or designee shall either:

a. Issue the contract with the Treasurer's revisions; or

b. Cancel the contract;

(b) Be canceled and, if applicable, payment allowed for services rendered under the contract or amendment; or

(c) Remain effective as originally submitted.

(8) If the committee determines that the contract executed pursuant to subsection (6)(a) or (b) of this section is not needed or inappropriate, the motion picture or entertainment production is not beneficial or is inappropriate, the service could or should be performed by state personnel, the amount or duration is excessive, or the exchange of resources or responsibilities are inappropriate, the committee shall attach a written notation of its nonbinding recommendations regarding the personal service contract, tax incentive agreement, or memorandum of agreement and shall return the personal service contract, tax incentive agreement, or memorandum of agreement to the secretary of the Finance and Administration Cabinet or his or her designee.

(9) Upon receipt of the committee's nonbinding recommendations regarding a personal service contract, tax incentive agreement, or memorandum of agreement executed pursuant to subsection (6)(a) or (b) of this section, the secretary of the Finance and Administration Cabinet or his or her designee shall determine whether the personal service contract, tax incentive agreement, or memorandum of agreement shall:

(a) Be revised to comply with the objections of the committee;

(b) Be canceled and, if applicable, payment allowed for services rendered under the contract or amendment; or

(c) Remain effective as originally submitted.

(10) Contracting bodies shall make annual reports to the committee not later than December 1 of each year. The committee shall establish reporting procedures for contracting bodies related to personal service contracts, tax incentive agreements, and memoranda of agreement submitted by the secretary of the Finance and Administration Cabinet or his or her designee.

➔Section 10. KRS 158.647 is amended to read as follows:

(1) A permanent subcommittee of the Legislative Research Commission to be known as the Education Assessment and Accountability Review Subcommittee is hereby created. The subcommittee shall be composed of eight (8) members appointed as follows: three (3) members of the Senate appointed by the President of the Senate; one (1) member of the minority party in the Senate appointed by the Minority Floor Leader in the Senate; three (3) members of the House of Representatives appointed by the Speaker of the House of Representatives; and one (1) member of the minority party in the House of Representatives appointed by the Minority Floor Leader in the House of Representatives. Members of the subcommittee shall ***be appointed in January of each odd-numbered year and shall*** serve for terms of two (2) years.~~[, and]~~ The ***President of the Senate and Speaker of the House of Representatives***~~[members appointed from each chamber]~~ shall ***each appoint***~~[elect]~~ one (1) member ***of the subcommittee*** from their chamber to serve as co-chair. The co-chairs shall have joint responsibilities for subcommittee meeting agendas and presiding at subcommittee meetings. A majority of the entire membership of the Education Assessment and Accountability Review Subcommittee shall constitute a quorum, and all actions of the subcommittee shall be by vote of a majority of its entire membership. Any vacancy that may occur in the membership of the subcommittee shall be filled ***within thirty (30) days of the occurrence, in the same manner as***~~[by the same appointing authority who made]~~ the original appointment***, and for the balance of the vacated member's term***.

(2) The subcommittee shall review administrative regulations and advise the Kentucky Board of Education concerning the implementation of the state system of assessment and accountability, established in KRS 158.6453, 158.6455, and 158.782, and for any administrative regulation promulgated under provisions of KRS 158.860.

(3) The subcommittee shall advise and monitor the Office of Education Accountability in the performance of its duties according to the provisions of KRS 7.410.

(4) On an alternating basis, each co-chair shall have the first option to set the monthly meeting date. A monthly meeting may be canceled by agreement of both co-chairs. The members of the subcommittee shall be compensated for attending meetings as provided in KRS 7.090.

(5) Any professional, clerical, or other employees required by the subcommittee shall be provided in accordance with the provisions of KRS 7.090.

➔Section 11. KRS 248.723 is amended to read as follows:

(1) There is created a permanent subcommittee of the Legislative Research Commission to be known as the Tobacco Settlement Agreement Fund Oversight Committee. The subcommittee shall be composed of twelve (12) members and shall include four (4) members of the House of Representatives appointed by the Speaker; two (2) members of the minority party in the House of Representatives appointed by the Minority Floor Leader; four (4) members of the Senate appointed by the President; and two (2) members of the minority party in the Senate appointed by the Minority Floor Leader. The members of the subcommittee shall ***be appointed in January of each odd-numbered year and*** serve for terms of two (2) years. The ***President of the Senate and Speaker of the House of Representatives***~~[appointed members from each chamber]~~ shall ***each appoint***~~[elect]~~ one (1) member ***of the subcommittee*** from their chamber to serve as co-chair. Any vacancy that may occur in the membership of the subcommittee shall be filled ***within thirty (30) days of the occurrence, in the same manner as***~~[pursuant to this subsection by the same appointing authority who made]~~ the original appointment***, and for the balance of the vacated member's term***.

(2) The co-chairs shall have joint responsibilities for committee meeting agendas and presiding at committee meetings. The members of the subcommittee shall be compensated for attending meetings as provided in KRS 7.090(3) and 7.110(5).

(3) A majority of the entire membership of the Tobacco Settlement Agreement Fund Oversight Committee shall constitute a quorum, and all actions of the subcommittee shall be by vote of a majority of its entire membership.

(4) Any professional, clerical, or other employees required by the subcommittee shall be provided in accordance with KRS 7.090(4) and (5).

(5) (a) Subsections (6) to (10) of this section shall apply only to the expenditures from and projects under the agricultural development fund;

(b) Subsection (11) shall apply to all expenditures under the tobacco settlement agreement fund created in KRS 248.654; and

(c) Subsection (12) shall apply to expenditures from the early childhood development fund and the Kentucky health care improvement fund created in KRS 200.151 and 194A.055.

(6) The subcommittee shall review each project being submitted to the Agricultural Development Board. In reviewing the projects, the subcommittee shall determine whether the criteria or requirements required by KRS 248.701 to 248.727 have been met and whether any other relevant requirements have been met.

(7) (a) If the subcommittee determines that any of the criteria or requirements required by KRS 248.701 to 248.727, except as provided in subsection (5) of this section, have not been met, the subcommittee may, by majority vote, recommend to the board in writing that a project not be approved.

(b) If the subcommittee determines that all relevant criteria were met for proposals not approved by the board, the subcommittee may, by majority vote, recommend to the board in writing that the project be approved.

(c) The reasons for recommending that a project be approved or not approved shall be stated in correspondence from the subcommittee, which shall be issued within thirty (30) days of action of the subcommittee.

(8) If the board proceeds with approval of a project under the agricultural development fund that the subcommittee has recommended in writing not be approved, or refuses to approve a project that the subcommittee has recommended in writing be approved, the board shall provide a written explanation to the subcommittee as to why the board took that action on the project. The written explanation shall be sent within thirty (30) days of receiving the subcommittee's notification.

(9) The subcommittee shall also hear cases that arise under KRS 248.721(9) and 248.711(4). In these cases the subcommittee shall provide a forum for discussion and possible resolution of differences between the board and the affected party. If the differences are not resolved, the subcommittee may, by majority vote, recommend to the board in writing a course of action.

(10) The subcommittee shall maintain records of its findings and determinations. The records shall be transmitted to the appropriate interim joint committees of the Legislative Research Commission within thirty (30) days of making any determination.

(11) The subcommittee shall issue an annual written report to the Legislative Research Commission regarding the findings of the subcommittee.

(12) All expenditures under the early childhood development fund and the Kentucky health care improvement fund created in KRS 200.151 and 194A.055 shall be reported to the subcommittee. The expenditures shall be submitted in an electronic format in a manner approved by the Legislative Research Commission in order for the Commission to have a repository of information in Master Settlement Agreement funding expenditures.

➔Section 12. KRS 7A.180 is amended to read as follows:

As used in ***Sections 12 to 14 of this Act***~~[this section]~~:

(1) ***"Application" means software components resting on infrastructure that may be used to create, use, store, or share data and information to enable support of a business function;***

(2) "***Committee***~~[Board]~~" means the~~[Investments in]~~ Information Technology~~[Improvement and Modernization Projects]~~ Oversight ***Committee***~~[Board]~~;

(3) "Cybersecurity system" means an information technology system or application used to protect against the criminal or unauthorized use of electronic data held by a state agency;

(4)~~[(2)]~~ "Information technology system" means any related computer or telecommunication components that provide a functional system for a specific business purpose and contain one (1) or more of the following:

1. Hardware;
2. Software, including application software, systems management software, utility software, or communications software;
3. Professional services for requirements analysis, system integration, installation, implementation, or data conversion services; or
4. Digital data products, including acquisition and quality control;~~[and]~~

(5) "Legacy system" means an information technology system or application that:

(a) Is no longer supported by a vendor;

(b) Is written in a programming language people no longer learn;

(c) Does not comply with state or federal regulations;

(d) Is incompatible with advanced technology;

(e) Is inefficient or no longer meets the needs for the state agency's workforce; or

(f) Includes applications developed by a state agency which were written decades ago and for which the state agency does not have the expertise to support or maintain; and

(6)~~[(3)]~~ "State agency" means any department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, or other entity of the executive, judicial, or legislative branch of state government.

➔Section 13. KRS 7A.185 is amended to read as follows:

(1) The~~[Investments in]~~ Information Technology~~[Improvement and Modernization Projects]~~ Oversight ***Committee***~~[Board]~~ is hereby established and shall consist of six (6) members to be appointed ***as follows***~~[in accordance with the following]~~:

(a) The Speaker of the House of Representatives shall appoint three (3) current members of the House of Representatives, one (1) of whom shall be designated co-chair, and at least one (1) of the three (3) members shall represent the minority party;

(b) The President of the Senate shall appoint three (3) current members of the Senate, one (1) of whom shall be designated co-chair, and at least one (1) of the three (3) members shall represent the minority party; and

(c) All members shall be active members of the Kentucky General Assembly during their terms of appointment.

(2) Any vacancy on the ***committee***~~[board]~~ shall be filled in the same manner as the original appointment.

(3) The co-chairs shall have joint responsibilities for ***committee***~~[board]~~ meetings, agendas, and presiding at ***committee***~~[board]~~ meetings.

(4) On an alternating basis, each co-chair shall have the first option to set the~~[monthly]~~ meeting date. A~~[monthly]~~ meeting may be canceled by agreement of both co-chairs. The ***committee***~~[board]~~ shall meet at least twice during each calendar year.

(5) Members of the ***committee***~~[board]~~ shall be entitled to reimbursement for expenses incurred in the performance of their duties.

(6) A majority of the entire membership of the ***committee***~~[board]~~ shall constitute a quorum, and all actions of the ***committee***~~[board]~~ shall be by vote of a majority of its entire membership.

(7) The purpose of the ***committee***~~[board]~~ is to:

(a) Review investment and funding strategies~~[for projects]~~ to improve or modernize state agency information technology systems ***or applications***, including:

1. Legacy ***systems;***~~[system projects and]~~
2. Cybersecurity ***systems***~~[projects]~~; and

3.~~[2.]~~ The current and ongoing operation and maintenance of state agency information ***technology systems or applications***~~[resources]~~;

(b) Determine the appropriate organizational structure for deployment of technology across the Commonwealth; and

(c) Review the latest information technology developments trending across the nation.

➔Section 14. KRS 7A.190 is amended to read as follows:

(1) ~~[Not later than July 30, 2025,]~~The ***committee***~~[board]~~, in consultation with the Commonwealth Office of Technology, shall prescribe the form, contents, and manner of submission of ***data to fulfill the purposes under subsection (7) of Section 13 of this Act and to provide an inventory of existing information technology systems or applications***~~[the plan required under this section]~~.

(2)~~[Each state agency shall submit the plan developed under this section to the:~~

~~(a) Commonwealth Office of Technology; and~~

~~(b) Board.~~

~~(3)~~] ***(a)*** Not later than ***July 15***~~[October 1]~~, 2025, ***and not later than April 15, 2027, and each April 15 biennially thereafter,*** each state agency in the executive, legislative, and judicial branches of state government shall ***submit information to the committee***~~[prepare an agency wide plan]~~ outlining the manner in which the agency intends to transition its information technology ***systems or applications***~~[and data related services and capabilities]~~ into a modern, integrated, secure, and effective technological environment***, including a six (6) year outline and funding sources for that transition***.

(b) Each state agency shall provide information regarding an estimated timeline and funding source for:

1. Each legacy system;

2. Each cybersecurity system;

3. The maintenance or upgrade required for an existing information technology system or application; and

4. Each planned development of a future information technology system or application required within the state agency.

(c) Each state agency may consult with and obtain information from the Commonwealth Office of Technology to carry out the requirements of this subsection.

(3)~~[(4)]~~ (a) On or before ***October***~~[December]~~ 1, 2025, and biennially thereafter, the ***committee***~~[board]~~ shall provide a written report to the Legislative Research Commission that identifies:

1. Existing and planned ***information technology systems or applications***~~[projects]~~ to improve or modernize state agency information technology systems; and

2. The method of funding for each ***information technology system or application***~~[project]~~ identified by the ***state agency***~~[board]~~.

(b) The written report to the Legislative Research Commission shall include:

1. A recommendation by the ***committee***~~[board]~~ of the estimated amount necessary to fully fund to completion each ***information technology system or application***~~[project]~~ identified~~[by the board]~~; and

2. Strategies developed by the ***committee***~~[board]~~ to ensure a long-term investment solution ***is in place***~~[for projects]~~ to improve or modernize~~[state agency]~~ information technology systems ***or applications***~~[are in place]~~, including strategies to:

a. Access the full amount of federal moneys available~~[for those projects]~~; and

b. Use information gathered by the ***state agency***~~[department during previous projects]~~ to improve the management, oversight, and transparency of future ***information technology systems or applications***~~[projects]~~.

➔Section 15. Sections 1 to 11 of this Act take effect January 1, 2027.

➔Section 16. Whereas the original timeline established for submission of required reports by state agencies does not meet the current budget request submission process, an emergency is declared to exist, and Sections 12 to 14 of this Act take effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 19, 2025.

CHAPTER 36

(HJR 54)

A JOINT RESOLUTION authorizing the release of funds.

WHEREAS, it is the responsibility of the General Assembly to monitor the spending of state funds for the good of the Commonwealth; and

WHEREAS, the General Assembly recognizes the need to secure the future of Kentucky State Fair Board properties; and

WHEREAS, with that responsibility in mind, certain appropriations were contingent upon specific duties being fulfilled by the Kentucky State Fair Board; and

WHEREAS, 2024 Ky. Acts ch. 175, Part I, L., 6., (6) and 2024 Ky. Acts ch. 223, sec. 49 require the State Fair Board to submit a comprehensive statewide proposal regarding improvements to or disposal of the properties by December 1, 2024; and

WHEREAS, the comprehensive state proposal has been received and reviewed by the Interim Joint Committee on Appropriations;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. The General Assembly of the Commonwealth of Kentucky hereby approves and authorizes the Office of State Budget Director to release capital construction funds for the Kentucky Exposition Center Redevelopment – Phase II in accordance with 2024 Ky. Acts ch. 175, Part I, L., 6., (6) and 2024 Ky. Acts ch. 223, sec. 49.

Signed by Governor March 19, 2025.

CHAPTER 37

(SB 10)

AN ACT relating to retiree health provisions of the County Employees Retirement System.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 78.5536 is amended to read as follows:

(1) For purposes of this section:

(a) "Hospital and medical insurance plan" may include, at the board's discretion, any one (1) or more of the following:

1. Any hospital and medical expense policy or certificate, provider-sponsored integrated health delivery network, self-insured medical plan, health maintenance organization contract, or other health benefit plan;

2. Any health savings account as permitted by 26 U.S.C. sec. 223 or health reimbursement arrangement or a similar account as may be permitted by 26 U.S.C. sec. 105 or 106. Such

arrangement or account, at the board's discretion, may reimburse any medical expense permissible under 26 U.S.C. sec. 213; or

3. A medical insurance reimbursement program established by the board through the promulgation of administrative regulation under which members purchase individual health insurance coverage through a health insurance exchange established under 42 U.S.C. sec. 18031 or 18041;

(b) "Monthly contribution rate" shall be the amount determined by the board based upon the requirements of subsection (4)(a) to (d) of this section, except that for members who began participating in the system on or after July 1, 2003, the term shall mean the amount determined in subsection (4)(e) of this section; and

(c) "Months of service" shall mean the total months of combined service used to determine benefits under the system, except service added to determine disability benefits or service otherwise prohibited from being used to determine retiree health benefits under KRS 78.510 to 78.852 shall not be counted as "months of service."

(2) (a) 1. The board of trustees of the system shall arrange by appropriate contract or on a self-insured basis to provide a group hospital and medical insurance plan coverage for:

a. Present and future recipients of a retirement allowance from the County Employees Retirement System; and

b. The spouse and each qualified dependent of a recipient who is a former member or the beneficiary, provided the spouse and dependent meet the requirements to participate in the hospital and medical insurance plans established, contracted, or authorized by the system.

2. Any recipient who chooses coverage under a hospital and medical insurance plan shall pay, by payroll deduction from the retirement allowance, electronic funds transfer, or by another method, the difference between the premium cost of the hospital and medical insurance plan coverage selected and the monthly contribution rate to which he or she would be entitled under this section.

(b) 1. For present and future recipients of a retirement allowance from the system who are not eligible for Medicare and for those recipients described in subparagraph 3.b. of this paragraph, the board may authorize these participants to be included in the Kentucky Employees Health Plan as provided by KRS 18A.225 to 18A.2287 and shall provide benefits for recipients in the plan equal to those provided to state employees having the same Medicare hospital and medical insurance eligibility status. Notwithstanding the provisions of any other statute except subparagraph 3.b. of this paragraph, system recipients shall be included in the same class as current state employees for purposes of determining medical insurance policies and premiums in the Kentucky Employees Health Plan as provided by KRS 18A.225 to 18A.2287.

2. Regardless of age, if a recipient or the spouse or dependent child of a recipient who elects coverage becomes eligible for Medicare, he or she shall participate in the plans offered by the systems for Medicare eligible recipients. Individuals participating in the Medicare eligible plans may be required to obtain and pay for Medicare Part A and Part B coverage in order to participate in the Medicare eligible plans offered by the system.

3. The system shall continue to provide the same hospital and medical insurance plan coverage for recipients and qualifying dependents after the age of sixty-five (65) as before the age of sixty-five (65), if:

a. The recipient is not eligible for Medicare coverage; or

b. The recipient would otherwise be eligible for Medicare coverage but is subject to the Medicare Secondary Payer Act under 42 U.S.C. sec. 1395y(b) and has been reemployed by a participating agency which offers the recipient a hospital and medical insurance benefit or by a participating agency which is prevented from offering a hospital and medical benefit to the recipient as a condition of reemployment under KRS 70.293, 95.022, or 164.952. Individuals who are eligible, pursuant to this subdivision, to be included in the Kentucky Employees Health Plan as provided by KRS 18A.225 to 18A.2287 may be rated as a separate class from other eligible employees and retirees for the purpose of determining medical insurance premiums.

(c) For recipients of a retirement allowance who are not eligible for the same level of hospital and medical benefits as recipients living in Kentucky having the same Medicare hospital and medical insurance eligibility status, the board shall provide a medical insurance reimbursement plan as described in subsection (6) of this section.

(d) Notwithstanding anything in KRS Chapter 78 to the contrary, the board of trustees, in its discretion, may take necessary steps to ensure compliance with 42 U.S.C. secs. 300bb-1 et seq.

(3) (a) Each employer participating in the County Employees Retirement System as provided in KRS 78.510 to 78.852 shall contribute to the insurance trust fund established by KRS 61.701 the amount necessary to provide the monthly contribution rate as provided for under this section. Such employer contribution rate shall be developed by appropriate actuarial method as a part of the determination of each respective employer contribution rate determined under KRS 78.635.

(b) 1. Each employer described in paragraph (a) of this subsection shall deduct from the creditable compensation of each member whose membership date begins on or after ***July*** ~~[September]~~ 1, ***2003*** ~~[2008]~~, ***and who is subject to the benefits provided under paragraph (4)(e) of this section,*** an amount equal to one percent (1%) of the member's creditable compensation ***if the member is participating in a nonhazardous position and two percent (2%) of the member's creditable compensation if the member is participating in a hazardous position***. The deducted amounts shall, at the discretion of the board, be credited to accounts established pursuant to 26 U.S.C. sec. 401(h), within the funds established in KRS 78.520, or the insurance trust fund established under KRS 61.701. Notwithstanding the provisions of this paragraph, a transfer of assets between the accounts established pursuant to 26 U.S.C. sec. 401(h), within the funds established in KRS 78.520, and the insurance trust fund established under KRS 61.701 shall not be allowed.

2. The employer shall file the contributions as provided by subparagraph 1. of this paragraph at the retirement office in accordance with KRS 78.625. Any interest or penalties paid on any delinquent contributions shall be credited to accounts established pursuant to 26 U.S.C. sec. 401(h), within the funds established in KRS 78.520, or the insurance trust fund established under KRS 61.701. Notwithstanding any minimum compensation requirements provided by law, the deductions provided by this paragraph shall be made, and the compensation of the member shall be reduced accordingly.

3. Each employer shall submit payroll reports, contributions lists, and other data as may be required by administrative regulation promulgated by the board of trustees pursuant to KRS Chapter 13A.

4. Every member shall be deemed to consent and agree to the deductions made pursuant to this paragraph, and the payment of salary or compensation less the deductions shall be a full and complete discharge of all claims for services rendered by the person during the period covered by the payment, except as to any benefits provided by KRS 78.510 to 78.852. No member may elect whether to participate in, or choose the contribution amount to accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS 78.520, or the insurance trust fund established under KRS 61.701. The member shall have no option to receive the contribution required by this paragraph directly instead of having the contribution paid to accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS 78.520, or the insurance trust fund established under KRS 61.701. No member may receive a rebate or refund of contributions. If a member establishes a membership date prior to ***July 1, 2003*** ~~[September 1, 2008]~~, pursuant to KRS 61.552(2) or (3) ***or who is subject to the benefits provided under paragraphs (4)(b) or (4)(d) of this section***, then this paragraph shall not apply to the member and all contributions previously deducted in accordance with this paragraph shall be refunded to the member without interest. The contribution made pursuant to this paragraph shall not act as a reduction or offset to any other contribution required of a member or recipient under KRS 78.510 to 78.852.

5. The board of trustees, at its discretion, may direct that the contributions required by this paragraph be accounted for within accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS 78.520, or the insurance trust fund established under KRS 61.701, through the use of separate accounts.

(4) (a) The premium required to provide hospital and medical insurance plan coverage under this section shall be paid wholly or partly from funds contributed by:

1. The recipient of a retirement allowance, by payroll deduction from his or her retirement allowance, electronic funds transfer, or by other method;

2. The insurance trust fund established by KRS 61.701 or accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS 78.520;

3. Another state-administered retirement system, including the systems administered by Kentucky Retirement Systems, under a reciprocal arrangement, except that any portion of the premium paid from the funds specified by subparagraph 2. of this paragraph under a reciprocal agreement shall not exceed the amount that would be payable under this section if all the member's service were in the County Employees Retirement System. If the board provides for cross-referencing of insurance premiums, the employer's contribution for the working member or spouse shall be applied toward the premium, and the insurance trust fund established under KRS 61.701 or accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS 78.520, shall pay the balance; or

4. A combination of the fund sources described by subparagraph 1. to 3. of this paragraph.

Group rates under the hospital and medical insurance plan shall be made available to the spouse, each dependent child, and each disabled child, regardless of the disabled child's age, of a recipient who is a former member or the beneficiary, if the premium for the hospital and medical insurance for the spouse, each dependent child, and each disabled child, or beneficiary is paid by payroll deduction from the retirement allowance, electronic funds transfer, or by another method. For purposes of this subsection only, a child shall be considered disabled if he or she has been determined to be eligible for federal Social Security disability benefits or meets the dependent disability standard established by the Department of Employee Insurance in the Personnel Cabinet.

(b) For a member who began participating in the system prior to July 1, 2003, the monthly contribution rate shall be paid by the system from the funds specified under paragraph (a)2. of this subsection and shall be equal to a percentage of the single premium to cover the retired member as follows:

1. One hundred percent (100%) of the monthly premium for single coverage shall be paid for a retired member who had two hundred forty (240) months of service or more upon retirement or for a retired member who when he or she was an employee was disabled as a direct result of an act in line of duty as defined in KRS 78.510(48) or as a result of a duty-related injury as defined in KRS 61.621;

2. Seventy-five percent (75%) of the monthly premium for single coverage shall be paid for a retired member who had less than two hundred forty (240) months of service but at least one hundred eighty (180) months of service upon retirement, provided such retired member agrees to pay the remaining twenty-five percent (25%) by payroll deduction from his or her retirement allowance, electronic funds transfer, or by another method;

3. Fifty percent (50%) of the monthly premium for single coverage shall be paid for a retired member who had less than one hundred eighty (180) months of service but had at least one hundred twenty (120) months of service upon retirement, provided such retired member agrees to pay the remaining fifty percent (50%) by payroll deduction from his or her retirement allowance, electronic funds transfer, or by another method; or

4. Twenty-five percent (25%) of the monthly premium for single coverage shall be paid for a retired member who had less than one hundred twenty (120) months of service but had at least forty-eight (48) months of service upon retirement, provided such retired member agrees to pay the remaining seventy-five percent (75%) by payroll deduction from his or her retirement allowance, electronic funds transfer, or by another method.

(c) Notwithstanding paragraph (b) of this subsection, for a member participating in the system prior to July 1, 2003, who:

1. Dies as a direct result of an act in line of duty as defined in KRS 78.510 or dies as a result of a duty-related injury as defined in KRS 61.621, the monthly premium shall be paid for his or her spouse so long as the spouse remains eligible for a monthly retirement benefit;

2. Becomes totally and permanently disabled as defined in KRS 78.5524 as a direct result of an act in line of duty as defined in KRS 78.510 or becomes disabled as a result of a duty-related injury as defined in KRS 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a), the

monthly premium shall be paid for his or her spouse so long as the member and the spouse individually remain eligible for a monthly retirement benefit; and

3. Dies as a direct result of an act in line of duty as defined in KRS 78.510, dies as a result of a duty-related injury as defined in KRS 61.621, becomes totally and permanently disabled as defined in KRS 78.5524 as a direct result of an act in line of duty as defined in KRS 78.510, or becomes disabled as a result of a duty-related injury as defined in KRS 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a), the monthly premium shall be paid for each dependent child as defined in KRS 78.510, so long as the member remains eligible for a monthly retirement benefit, unless deceased, and each dependent child individually remains eligible under KRS 78.510.

(d) 1. For a member who began participating in the system prior to July 1, 2003, who was determined to be in a hazardous position in the County Employees Retirement System, or who is receiving a retirement allowance based on General Assembly service, the funds specified under paragraph (a)2. of this subsection shall also pay a percentage of the monthly contribution rate sufficient to fund the premium costs for hospital and medical insurance coverage for the spouse and for each dependent child of a recipient.

2. The percentage of the monthly contribution rate paid for the spouse and each dependent child of a recipient who was in a hazardous position or who is receiving a retirement allowance based on General Assembly service in accordance with subparagraph 1. of this paragraph shall be based solely on the member's service in a hazardous position using the formula in paragraph (b) of this subsection, except that for any recipient of a retirement allowance from the County Employees Retirement System who was contributing to the system on January 1, 1998, for service in a hazardous position, the percentage of the monthly contribution shall be based on the total of hazardous service and any nonhazardous service as a police or firefighter with the same agency, if that agency was participating in the County Employees Retirement System but did not offer hazardous duty coverage for its police and firefighters at the time of initial participation.

(e) For members who begin participating in the system on or after July 1, 2003:

1. Participation in the insurance benefits provided under this section shall not be allowed until the member has earned at least one hundred twenty (120) months of service in the state-administered retirement systems, except that for members who begin participating in the system on or after September 1, 2008, participation in the insurance benefits provided under this section shall not be allowed until the member has earned at least one hundred eighty (180) months of service credited under KRS 78.615(1) or another state-administered retirement system;

2. A member who meets the minimum service requirements as provided by subparagraph 1. of this paragraph shall upon retirement be eligible for the following monthly contribution rate to be paid on his or her behalf, or on behalf of the spouse or dependent of a member with service in a hazardous position, from the funds specified under paragraph (a)2. of this subsection:

a. For members with service in a nonhazardous position ***who do not meet the career threshold***, a monthly insurance contribution of ten dollars ($10) for each year of service as a participating employee in a nonhazardous position;

b. ***For members with service in a nonhazardous position who meet the career threshold, a monthly insurance contribution towards the health plans offered to retirees who are not eligible for Medicare of forty dollars ($40) for each year of service as a participating employee in a nonhazardous position and a monthly insurance contribution towards the health plans offered to retirees who are eligible for Medicare of ten dollars ($10) for each year of service as a participating employee in a nonhazardous position. The monthly insurance contribution payable to retirees eligible for Medicare under this subdivision shall be adjusted as necessary so that it is equivalent to the monthly contribution amount computed under subdivision a. of this subparagraph as adjusted by subparagraph 6.a. of this paragraph;***

c. For members with service in a hazardous position ***who do not meet the career threshold***, a monthly insurance contribution of fifteen dollars ($15) for each year of service as a participating employee in a hazardous position;~~[and]~~

d. ***For members with service in a hazardous position who meet the career threshold, a monthly insurance contribution towards the health plans offered to retirees who are not eligible for Medicare of fifty dollars ($50) for each year of service as a participating employee in a hazardous position and a monthly insurance contribution towards the health plans offered to retirees who are eligible for Medicare of fifteen dollars ($15) for each year of service as a participating employee in a hazardous position. The monthly insurance contribution payable to retirees eligible for Medicare under this subdivision shall be adjusted as necessary so that it is equivalent to the monthly contribution amount computed under subdivision c. of this subparagraph as adjusted by subparagraph 6.a. of this paragraph; and***

e.~~[c.]~~ Upon the death of the retired member, the beneficiary, if the beneficiary is the member's spouse, shall be entitled to a monthly insurance contribution of ten dollars ($10) for each year of service the member attained as a participating employee in a hazardous position;

3. The minimum service requirement to participate in benefits as provided by subparagraph 1. of this paragraph shall be waived for a member who receives a satisfactory determination of a hazardous disability that is a direct result of an act in line of duty as defined in KRS 78.510(48) and the member shall be entitled to the benefits payable under this subsection as though the member had twenty (20) years of service in a hazardous position;

4. The minimum service required to participate in benefits as provided by subparagraph 1. of this paragraph shall be waived for a member who is disabled as a result of a duty-related injury as defined in KRS 61.621 and is eligible for the benefits provided by KRS 61.621(5)(b), and the member shall be entitled to the benefits payable under this subsection as though the member had twenty (20) years of service in a nonhazardous position;

5. Notwithstanding the provisions of this paragraph, the minimum service requirement to participate in benefits as provided by subparagraph 1. of this paragraph shall be waived for a member who dies as a direct result of an act in line of duty as defined in KRS 78.510(48), who becomes totally and permanently disabled as defined in KRS 78.5524 as a direct result of an act in line of duty as defined in KRS 78.510, who dies as a result of a duty-related injury as defined in KRS 61.621, or who becomes disabled as a result of a duty-related injury as defined in KRS 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a), and the premium for the member, the member's spouse, and for each dependent child as defined in KRS 78.510 shall be paid in full by the systems so long as the member, member's spouse, or dependent child individually remains eligible for a monthly retirement benefit;

6. Except as provided by subparagraph 4. of this paragraph, the monthly insurance contribution amount shall be increased:

   a. On July 1 of each year by one and one-half percent (1.5%). The increase shall be cumulative and shall continue to accrue after the member's retirement for as long as a monthly insurance contribution is payable to the retired member or beneficiary but shall not apply to any increase in the contribution attributable to the increase specified by subdivision b. of this subparagraph; and

   b. On January 1 of each year by five dollars ($5) for members who have accrued an additional full year of service as a participating employee beyond the career threshold, subject to the following restrictions:

      i. The additional insurance contribution provided by this subdivision shall only be applied to the monthly contribution amounts provided under subparagraph ***2.b.***~~[2.a.]~~ and ***d.***~~[b.]~~ of this paragraph;

      ii. The additional insurance contribution provided by this subdivision shall only be payable towards the health plans offered by the system to retirees who are not eligible for Medicare or for reimbursements provided to retirees not eligible for Medicare pursuant to subsection (6)(a)2. of this section; and

      iii. In order for the annual increase to occur as provided by this subdivision, the funding level of retiree health benefits for the system in which the employee is receiving the additional insurance contribution shall be at least ninety percent (90%) as of the most recent actuarial valuation and be projected by the actuary to

remain ninety percent (90%) for the year in which the increase is provided;

7. The benefits of this paragraph provided to a member whose participation begins on or after July 1, 2003, shall not be considered as benefits protected by the inviolable contract provisions of KRS 78.852. The General Assembly reserves the right to suspend or reduce the benefits conferred in this paragraph if in its judgment the welfare of the Commonwealth so demands;

8. An employee whose membership date is on or after September 1, 2008, who retires and is reemployed in a regular full-time position required to participate in the system or the Kentucky Retirement Systems shall not be eligible for health insurance coverage or benefits provided by this section and shall take coverage with his or her employing agency during the period of reemployment in a regular full-time position; and

9. For purposes of this paragraph:

a. "Career threshold" for a member with service in a nonhazardous position means twenty-seven (27) years of service credited under KRS 16.543(1), 61.543(1), 78.615(1), or another state-administered retirement system and for a member with service in a hazardous position means the service requirements specified by KRS 78.5514(2)(a)2. or (3)(b), or 78.5516(6)(b), as applicable; and

b. "Funding level" means the actuarial value of assets divided by the actuarially accrued liability expressed as a percentage that is determined and reported by the system's actuary in the annual actuarial valuation.

(f) For members with service in another state-administered retirement system who select hospital and medical insurance plan coverage through the system:

1. The system shall compute the member's combined service, including service credit in another state-administered retirement system, and calculate the portion of the member's premium monthly contribution rate to be paid by the funds specified under paragraph (a)2. of this subsection according to the criteria established in paragraphs (a) to (e) of this subsection. Each state-administered retirement system shall pay annually to the insurance trust fund established under KRS 61.701 the portion of the system's cost of the retiree's monthly contribution for single coverage for hospital and medical insurance plan which shall be equal to the percentage of the member's number of months of service in the other state-administered retirement plan divided by his or her total combined service and in conjunction with the reciprocal agreement established between the system and the other state-administered retirement systems. The amounts paid by the other state-administered retirement plans and by the County Employees Retirement System from funds specified under paragraph (a)2. of this subsection shall not be more than one hundred percent (100%) of the monthly contribution adopted by the respective boards of trustees;

2. A member may not elect coverage for hospital and medical benefits through more than one (1) of the state-administered retirement systems; and

3. A state-administered retirement system shall not pay any portion of a member's monthly contribution for medical insurance unless the member is a recipient or annuitant of the plan.

(5) Premiums paid for hospital and medical insurance coverage procured under authority of this section shall be exempt from any premium tax which might otherwise be required under KRS Chapter 136. The payment of premiums by the funds described by subsection (4)(a)2. of this section shall not constitute taxable income to an insured recipient. No commission shall be paid for hospital and medical insurance procured under authority of this section.

(6) (a) The board shall promulgate an administrative regulation to establish a medical insurance reimbursement plan to provide reimbursement for hospital and medical insurance plan premiums of recipients of a retirement allowance who:

1. Are not eligible for the same level of hospital and medical benefits as recipients living in Kentucky and having the same Medicare hospital and medical insurance eligibility status; or

2. Are eligible for retiree health subsidies as provided by subsection (4)(e) of this section, except for those recipients eligible for full premium subsidies under subsection (4)(e)5. of this section. The reimbursement program as provided by this subparagraph shall be available to the recipient regardless of the hospital and medical insurance plans offered by the systems.

(b) An eligible recipient shall file proof of payment for hospital and medical insurance plan coverage with the retirement office. Reimbursement to eligible recipients shall be made on a quarterly basis. The recipient shall be eligible for reimbursement of substantiated medical insurance premiums ***paid by the recipient to obtain coverage*** for an amount not to exceed the total monthly contribution rate determined under subsection (4) of this section. ***For reimbursements provided under paragraph (a)2. of this subsection, the full subsidy under subsection (4)(e)2. of this section shall be reimbursed by the system to the recipient up to the amount individually paid by the recipient to obtain coverage. In the case of recipients of a retirement allowance from a nonhazardous position, the reimbursement shall be limited to the amount paid by the recipient to obtain single coverage.***

(c) For purposes of recipients described by paragraph (a)1. of this subsection, the plan shall not be made available if all recipients are eligible for the same coverage as recipients living in Kentucky.

➔Section 2. The Public Pension Oversight Board shall continue to monitor the actuarial data of the County Employees Retirement System retiree health funds and shall, during the 2025 Interim, evaluate potential legislative options to adjust retiree health benefits and costs for those members who began participating in the system on or after July 1, 2003, in the event the retiree health funds continue to see actuarial improvement.

➔Section 3. The amendments to the employee contribution provisions specified in subsection (3)(b) of Section 1 of this Act, shall apply to employee contributions payable on or after July 1, 2026.

➔Section 4. The amendments to the monthly insurance contribution amounts specified in subsection (4)(e)2. of Section 1 of this Act shall:

(1) Be payable prospectively for insurance premiums for health plans beginning on or after January 1, 2026;

(2) Be increased annually after January 1, 2026, in accordance with subsection (4)(e)6.a. of Section 1 of this Act; and

(3) For purposes of calculating the amounts that become payable on or after January 1, 2026, apply to the service as a participating employee accrued on or after July 1, 2003, for covered members and retirees, regardless of retirement date.

Signed by Governor March 19, 2025.

CHAPTER 38

(SB 130)

AN ACT relating to gift cards.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 434.560 is amended to read as follows:

As used in KRS 434.550 to 434.730, unless the context otherwise requires:

(1) "Automated banking device" means any machine which when properly activated by a credit card, debit card or personal identification code will perform any of the following services:

(a) Dispense money as a debit to the cardholder's savings or checking account;~~[or]~~

(b) Print the cardholder's savings or checking account balances on a statement;~~[or]~~

(c) Transfer funds between a cardholder's savings and checking account;~~[or]~~

(d) Accept payments on a cardholder's loan;~~[or]~~

(e) Dispense cash advances on an open end credit or a revolving charge agreement;~~[or]~~

(f) Accept deposits to a customer's savings or checking account;~~[or]~~

(g) Receive inquiries of verification of checks and dispense information which verifies that funds are available to cover said checks; or

(h) Cause money to be transferred electronically from a cardholder's account to an account held by any business, firm, retail merchant, corporation, or any other organization;

(2) "Cardholder" means***:***

(a) For a credit or debit card, the person or organization named on the face of a credit or debit card to whom or for whose benefit the credit or debit card is issued by an issuer; ***or***

(b) For a gift card, any person or organization to whom a physical or virtual gift card is issued through a purchase, or who receives a gift card from a willing party;

(3) "Credit card" means any instrument or device, whether known as a credit card, credit plate, credit number or by any other name, issued by an issuer for the use of the cardholder in obtaining money, goods, services or anything else of value on credit;

(4) "Debit card" means any instrument or device, known by any name, issued with or without fee by an issuer for the use of the cardholder in obtaining money, goods, services**,** and anything else of value, payment of which is made against funds previously deposited by cardholder;

(5) "E.F.T. system" means an electronic funds transfer system whereby funds are transferred electronically from a cardholder's account to any other account;

(6) "Expired credit card" means a credit card which is no longer valid because the term shown on it has expired;

(7) "Expired debit card" means a debit card which is no longer valid because the term shown on it has expired;

(8) ***"Face value" means the highest monetary value listed on a gift card or its packaging, or if no value is listed, two hundred fifty dollars ($250);***

(9) "Gift card" means a card, code, or device, whether activated or unactivated, that:

(a) Is issued on a prepaid basis primarily for personal, family, or household purposes in a specified amount, regardless of whether that amount may be increased or reloaded in exchange for payment; and

(b) May be redeemable upon presentation by a cardholder at a single merchant or group of merchants, or at multiple unaffiliated merchants within a payment card network;

(10) "Gift card redemption information" means information unique to each gift card which allows the cardholder to access, transfer, or spend the funds on that gift card;

(11) "Issuer" means the business organization or financial institution which issues a credit**,** ~~[or]~~debit**,** ***or gift*** card or its duly authorized agent;

(12)~~[(9)]~~ "Merchant" means an owner or operator of any retail mercantile establishment or any agent, employee, lessee, consignee, officer, director, franchisee, or independent contractor of such owner or operator. "Merchant" also means***:***

(a) A person who receives from an authorized user of a payment card, or someone the person believes to be an authorized user, a payment card or information from a payment card, or what the person believes to be a payment card or information from a payment card, as the instrument for obtaining, purchasing, or receiving goods, services, money, or anything else of value from the person; ***or***

(b) A person engaged in the business of selling gift cards to consumers;

(13)~~[(10)]~~ "Participating party" means a business organization or financial institution, or any duly authorized agent of such business organization or financial institution, which is obligated by contract to acquire from a person, business organization**,** or financial institution providing money, goods, services or anything else of value, a sales slip, sales draft**,** or other instrument evidencing a credit**,** ~~[or]~~debit**,** ***or gift*** card transaction and from whom the issuer is obligated by contract to acquire or participate in such sales slip, sales draft or other instrument;

(14)~~[(11)]~~ "Payment card" means a credit card, charge card, debit card, or any other card that is issued to an authorized card user and that allows the user to obtain, purchase, or receive goods, services, money, or anything else of value from a merchant;

(15)~~[(12)]~~ "Presentation or presents" ***means***~~[as used herein shall be construed to define]~~ those actions taken by a cardholder or any person to introduce a credit or debit card into an automated banking device or merely

displaying or showing a credit**,** ~~[or]~~debit**,** ***or gift*** card to the issuer, a person or organization providing money, goods, services, or anything else of value, or any other entity with intent to defraud;

(16)~~[(13)]~~ "Receives" or "receiving" means acquiring possession or control of a credit or debit card;

(17)~~[(14)]~~ "Reencoder" means an electronic device that places encoded information from the magnetic strip or stripe of a payment card onto the magnetic strip or stripe of a different payment card;

(18)~~[(15)]~~ "Revoked credit card" means a credit card which is no longer valid because permission to use it has been suspended or terminated by the issuer;

(19)~~[(16)]~~ "Revoked debit card" means a debit card which is no longer valid because permission to use it has been suspended or terminated by the issuer; and

(20)~~[(17)]~~ "Scanning device" means a scanner, reader, or any other electronic device that is used to access, read, scan, obtain, memorize, or store, temporarily or permanently, information encoded on the magnetic strip or stripe of a payment card.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 434.550 TO 434.730 IS CREATED TO READ AS FOLLOWS:

(1) A person is guilty of gift card tampering when he or she intentionally manipulates a gift card's packaging or security features to access the gift card's information without authorization and with the intention of using the information to improperly access and utilize funds placed on the gift card by another.

(2) Gift card tampering is a Class D felony.

(3) This section shall not apply to tampering with an activated gift card with or without the consent of the cardholder.

(4) Conduct which may constitute a violation of this section may be used to show a violation of KRS 506.120, but a person shall not be convicted of a violation of this section and KRS 506.120.

➔Section 3. KRS 434.580 is amended to read as follows:

(1) ***(a)*** A person who takes a credit**,** ~~[or]~~debit**,** ***or gift*** card from the person, possession, custody**,** or control of another without the consent of the cardholder**,** ~~[or of]~~the issuer**,** ***or, for a gift card, the merchant,*** or who, with knowledge that it has been so taken, receives the credit**,** ~~[or]~~debit**,** ***or gift*** card with intent to use it or to sell it or to transfer it to a person other than the issuer**,** ~~[or]~~the cardholder**,** ***or, for a gift card, the merchant,*** is***:***~~[guilty of a misdemeanor and is]~~

1. For a credit or debit card, subject to the penalties set forth in subsection (1) of KRS 434.730***; or***

2. For a gift card, subject to the penalties set forth in KRS 514.030 for the face value of the gift card.

(b) Taking a credit**,** ~~[or]~~debit**,** ***or gift*** card without consent includes obtaining it by conduct defined or known as statutory larceny, common-law larceny by trespassory taking, common-law larceny by trick, embezzlement, or obtaining property by false pretenses, false promise**,** or extortion.

(2) A person who has in his ***or her*** possession or under his ***or her*** control two (2) or more credit**,** ~~[or]~~debit**,** ***or gift*** cards which have been taken or obtained in violation of subsection (1) of this section is presumed to know that the credit**,** ~~[or]~~debit**,** ***or gift*** cards have been so taken or obtained.

➔Section 4. KRS 434.650 is amended to read as follows:

(1) (a) A person who, with intent to defraud the issuer, a participating party, a person~~[,]~~ or organization providing money, goods, services, or anything else of value, or any other person:

1. Uses for the purpose of obtaining money, goods, services, or anything else of value a credit or debit card obtained or retained in violation of KRS 434.570 to 434.650, or any of such sections, or a credit or debit card which he or she knows is forged, expired, or revoked;

2. Obtains money, goods, services, or anything else of value by representing without consent of the cardholder that he or she is the holder of a specified card or by representing that he or she is the holder of a card and such card has not in fact been issued;

3. Uses a credit or debit card obtained or retained in violation of KRS 434.570 to 434.650, or any of such sections, or a credit or debit card which he or she knows is forged, expired, or revoked, as

authority or identification to cash or attempts to cash or otherwise negotiate or transfer a check or other order for payment of money, whether or not negotiable, if said negotiation or transfer or attempt to negotiate or transfer would constitute a crime under KRS 514.040 or 516.030;~~[or]~~

4. Deposits into his or her account or any account, via an automated banking device, a false, fictitious, forged, altered, or counterfeit check, draft, money order, or any other such document not his or her lawful or legal property; ***or***

5. Obtains a gift card or gift card redemption information from a cardholder, issuer, or merchant by means of false or fraudulent pretenses, representations, or promises;

is guilty as provided in paragraph (b) of this subsection.

(b) The penalty for violating paragraph (a) of this subsection is a Class B misdemeanor unless:

1. The value of all money, goods, services, or other things of value obtained in violation of this section over a six (6) month period is five hundred dollars ($500) or more but is less than one thousand dollars ($1,000), in which case it is a Class A misdemeanor;

2. The value of all money, goods, services, or other things of value obtained in violation of this section over a six (6) month period is one thousand dollars ($1,000) or more but is less than ten thousand dollars ($10,000), in which case it is a Class D felony;

3. The person has three (3) or more convictions under subparagraph 1. of this paragraph within the last five (5) years, in which case it is a Class D felony. The five (5) year period shall be measured from the dates on which the offenses occurred for which the judgments of conviction were entered; or

4. The value of all money, goods, services, or other things of value obtained in violation of this section over a six (6) month period is ten thousand dollars ($10,000) or more, in which case it is a Class C felony.

(2) A person who receives money, goods, services, or anything else of value as a result of a false, fictitious, forged, altered, or counterfeit check, draft, money order, or any other such document having been deposited into an account via an automated banking device, knowing at the time of receipt of the money, goods, services, or item of value that the document so deposited was false, fictitious, forged, altered, or counterfeit or that the above described deposited item was not his ***or her*** lawful or legal property, violates this subsection and is subject to the penalties set forth in subsection (1) of this section.

(3) Knowledge of revocation shall be presumed to have been received by a cardholder four (4) days after it has been mailed to him or her at the address set forth on the credit or debit card or at his or her last known address by registered or certified mail, return receipt requested, and, if the address is more than five hundred (500) miles from the place of mailing, by air mail. If the address is located outside the United States, Puerto Rico, the Virgin Islands, the Canal Zone, and Canada, notice shall be presumed to have been received ten (10) days after mailing by registered or certified mail.

Signed by Governor March 19, 2025.

CHAPTER 39

(HB 390)

AN ACT relating to motor vehicle insurance.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 186A.040 is amended to read as follows:

(1) ***As used in this section, unless the context requires otherwise:***

(a) "Accessible online insurance verification system" or "system" means the accessible online insurance verification system established by the department under this section;

(b) "Commercial motor vehicle" means a motor vehicle that is covered by commercial motor vehicle insurance;

(c) "Commercial motor vehicle insurance" means coverage:

1. Provided to an insured, regardless of the number of vehicles or entities covered, under a commercial coverage form; and

2. Rated from a commercial manual approved by the Department of Insurance;

(d) "Department" means the Department of Vehicle Regulation;

(e) "IICMVA" means the Insurance Industry Committee on Motor Vehicle Administration or a successor organization;

(f) "Insurer" means an insurer that provides coverage for the security required under KRS 304.39-080;

(g) "Personal motor vehicle" means a motor vehicle that is not covered by commercial motor vehicle insurance; and

(h) "Requestor" means the authorized personnel of any of the following:

1. The department;

2. Any District or Circuit Court of this state;

3. Any county attorney or Commonwealth's attorney of this state;

4. Any county clerk of this state;

5. Any law enforcement agency of this state; or

6. Any other entities authorized by the department, to the extent permitted by state and federal privacy laws.

(2) (a) The department~~[of Vehicle Regulation]~~ shall*:*

1. Provide and receive information on the insurance status of ***motor*** vehicles registered in~~[the Commonwealth of]~~ Kentucky ***in accordance with this section and***~~[pursuant to]~~ KRS 304.39-087 and 304.39-085*;*~~[. The department shall provide appropriate insurance information to the Commonwealth Office of Technology for inclusion in the AVIS database to assist in identifying uninsured motor vehicles]~~

2. Establish an accessible online insurance verification system that:

a. Is used for verification of whether motor vehicles are covered by the security required under KRS 304.39-080;

b. Is interfaced with AVIS;

c. Beginning not later than October 1, 2026, is:

i. Operational; and

ii. Available to insurers;

d. Beginning not later than January 1, 2027, is accessible by requestors to assist the requestors in the identification of motor vehicles that are not in compliance with KRS 304.39-080; and

e. Includes information that enables the department to make inquiries to insurers by using multiple data elements for greater matching accuracy;

3. On or before January 1, 2026, promulgate an emergency and ordinary administrative regulation in accordance with KRS Chapter 13A to establish, implement, and effectuate the accessible online insurance verification system, which:

a. Shall:

i. Except as otherwise provided in this section, establish guidelines and requirements for the system that are consistent with IICMVA guidelines;

ii. Include appropriate provisions to secure the system's data against unauthorized

access;

iii. Specify, in accordance with subsection (3) of this section, the information that insurers shall electronically submit, and the format, manner, and frequency of the electronic submissions, to the system for personal motor vehicles and commercial motor vehicles; and

iv. Establish a period of not less than six (6) months but not more than twelve (12) months from the date of all requests and responses that system data shall be retained; and

b. May establish an alternative method of reporting, in lieu of reporting to the system, for insurers who write one thousand (1,000) or fewer policies or contracts that provide coverage for the security required under KRS 304.39-080; and

4. Make any amendments to the administrative regulation promulgated under this section or any other administrative regulation related to the system that are necessary to establish, implement, operate, or maintain the accessible online insurance verification system, which shall include any necessary improvements to or replacement of the system.

(b) The department may contract with a private service provider who has successfully implemented similar systems in other states to assist in establishing, implementing, operating, and maintaining the accessible online insurance verification system.

(c) 1. Notwithstanding KRS 13A.100, the department shall:

a. By January 1, 2026, publish on its website and distribute to motor vehicle insurers authorized to do business in Kentucky a final detailed guide of the accessible online insurance verification system;

b. Periodically review, make any necessary updates to, and publish on its website any updates to the guide referenced in this subparagraph; and

c. Distribute any updates made to the guide referenced in this subparagraph to motor vehicle insurers authorized to do business in Kentucky.

2. The guide referenced in subparagraph 1. of this paragraph shall not conflict with, or impose requirements that are not set out or incorporated by reference in, an administrative regulation promulgated by the department under this section.

3. The Department of Insurance shall assist the department in making the distributions required under this paragraph.

(d) The department and any contracted private service provider shall each maintain a contact person for insurers during the implementation and operation of the accessible online insurance verification system.

(3)~~[(2)]~~ *(a) Except as otherwise provided in this section, insurers that provide coverage for the security required under KRS 304.39-080 for personal motor vehicles shall:*

1. Cooperate with the department in the implementation, operation, maintenance, and any necessary improvements to or replacement of the accessible online insurance verification system; and

2. On and after January 1, 2027:

a. Send to the department:

i. A list of the vehicle identification numbers (VINs) of the personal motor vehicles that are covered by the insurer; and

ii. The name of each policyholder for each personal motor vehicle covered by the insurer as specified by the department;

b. Provide access to any other insurance status information for personal motor vehicles that are covered by the insurer as specified by the department; and

c. Submit the information required under this subparagraph electronically to the department through the accessible online insurance verification system.

(b) 1. In lieu of compliance with Section 9 of this Act, an insurer may opt to submit insurance status information for commercial motor vehicles electronically to the department through the accessible online insurance verification system.

2. An insurer that opts to submit insurance status information under this paragraph shall comply with any specifications and requirements established by the department under subsection (2)(a)3.a.iii. of this section for the information.

(c) Insurers may contract for the services of a third-party vendor to facilitate or otherwise comply with the requirements of this section.

(d) Insurers shall not be subject to civil or administrative liability for libel, slander, or any other relevant tort, and no civil cause of action of any nature shall arise against an insurer or an authorized employee of an insurer for any good-faith efforts to comply with this section, including but not limited to submitting, or providing access to, any information or data required or permitted under this section, even if the information or data is inaccurate or incomplete.

(4) (a) As used in this subsection, "domestic" insurer and "foreign" insurer have the same meanings as in KRS 304.1-070.

(b) There is created a technical advisory committee whose duties shall be to:

1. Review the establishment, implementation, operation, and maintenance of the accessible online insurance verification system; and

2. Make recommendations to the department to ensure that the accessible online insurance verification system is:

a. Efficient and operational upon implementation; and

b. Consistent with the objectives and requirements of this section.

(c) The technical advisory committee shall be composed of the following seven (7) members:

1. Four (4) voting members appointed by the commissioner of the Department of Insurance in accordance with paragraph (d) of this subsection;

2. The president of the Kentucky County Clerk's Association or the president's designee, who shall serve as a voting ex officio member;

3. The commissioner of the Department of Insurance or the commissioner's designee, who shall serve as a voting ex officio member; and

4. The commissioner of the department or the commissioner's designee, who shall serve as a nonvoting ex officio member and as chair of the committee.

(d) 1. The commissioner of the Department of Insurance shall, in accordance with this paragraph, appoint to the technical advisory committee one (1) representative for each of the four (4) insurers:

a. Identified by the Department of Insurance under this paragraph; and

b. That designate, upon request and within a reasonable amount of time, an individual to serve as a representative on the committee.

2. The Department of Insurance shall identify the following four (4) insurers:

a. The domestic property and casualty insurer that has the largest dollar amount of direct written premiums for motor vehicle insurance in Kentucky as of the date of the notification made under subparagraph 4. of this paragraph;

b. The two (2) foreign property and casualty insurers that have the largest dollar amounts of direct written premiums for motor vehicle insurance in Kentucky as of the date of the notification made under subparagraph 4. of this paragraph; and

c. A domestic or foreign property and casualty insurer with direct written premiums for motor vehicle insurance in Kentucky designated by the commissioner of the Department of Insurance to represent small and medium-sized insurers in Kentucky's motor vehicle insurance market.

3. If an insurer identified by the Department of Insurance under subparagraph 2. of this paragraph declines or fails, within a reasonable amount of time, to designate an individual to serve as a representative of the insurer on the technical advisory committee, the Department of Insurance shall identify:

a. For an insurer identified under subparagraph 2.a. of this paragraph, the domestic property and casualty insurer with the next largest dollar amount of direct written premiums for motor vehicle insurance in Kentucky as of the date that the previously identified domestic property and casualty insurer declined or failed to designate a representative;

b. For an insurer identified under subparagraph 2.b. of this paragraph, the foreign property and casualty insurer with the next largest dollar amount of direct written premiums for motor vehicle insurance in Kentucky as of the date that the previously identified foreign property and casualty insurer declined or failed to designate a representative; and

c. For an insurer identified under subparagraph 2.c. of this paragraph, an insurer that meets the requirements of that subdivision.

4. The Department of Insurance shall:

a. Request each insurer identified by the Department of Insurance under subparagraph 2. of this paragraph, and if applicable, subparagraph 3. of this paragraph, to designate an individual to serve as a representative of the insurer on the technical advisory committee; and

b. Appoint the individual designated by the insurer notified under this subparagraph to the technical advisory committee.

5. Each member appointed under this paragraph shall serve a four (4) year term and may be reappointed.

6. Vacancies of members appointed under this paragraph shall be filled:

a. Within thirty (30) days of the vacancy; and

b. In the same manner as the original appointment.

(e) Prior to making a filing under KRS Chapter 13A or publishing and distributing, as applicable, the department shall submit drafts of the following to the technical advisory committee for review and recommendations:

1. Any new, amended, or repealer emergency or ordinary administrative regulation, along with any forms required under KRS 13A.230, required or permitted under this section or otherwise related to the system; and

2. The final detailed guide, including any updates to the final detailed guide, required under subsection (2)(c) of this section.

(f) In addition to the requirements of paragraph (e) of this subsection, the department shall keep the technical advisory committee informed about, and consult with the committee regarding, the establishment, implementation, operation, and maintenance of the accessible online insurance verification system.

(g) All meetings of, and communications to and from, the technical advisory committee shall be exempt from the requirements of the Open Meetings Act, KRS 61.805 to 61.850.

(5) (a) ***The department shall immediately make a notification to a motor vehicle owner*** upon ***any of the following:***

1. Notification to the department~~[of Vehicle Regulation]~~ from an ***insurer***~~[insurance company]~~ of cancellation or nonrenewal of ***the owner's commercial motor vehicle insurance***~~[a policy]~~ pursuant to KRS 304.39-085***;***~~[, or]~~

2. Prior to January 1, 2027~~[on and after January 1, 2006]~~, if the vehicle identification number (VIN) of ***the owner's***~~[a]~~ personal motor vehicle***, as defined in subsection (1)(a) of Section 10 of***

this Act, does not appear in the database created by KRS 304.39-087 for two (2) consecutive reporting months***; or***

3. On and after January 1, 2027, if the vehicle identification number (VIN) of the owner's personal motor vehicle, or commercial motor vehicle if the commercial motor vehicle is covered by an insurer that has opted to report to the system, does not appear in the accessible online insurance verification system for seven (7) consecutive days~~[, the department shall immediately make a determination as to the notification of the insured]~~.

(b) The notification ***required under paragraph (a) of this subsection shall:***

1. Be in either a paper or an electronic format;

2. Specify each motor vehicle to which the notification pertains; and

3. ~~[to the insured shall]~~State that***:***

a. The ***owner's insurance***~~[insured's policy]~~ is no longer valid***;*** and~~[that]~~

b. The ***department shall revoke the registration of each motor vehicle to which the notification pertains unless one (1) of the following occurs within fourteen (14)***~~[insured shall have thirty (30)]~~ days ***after the date the insurance became invalid:***~~[to]~~

i. The owner provides~~[Show]~~ proof of insurance to the county clerk ***or the department; or***

ii. The accessible online insurance verification system indicates that the motor vehicle or motor vehicles are covered by the security required under KRS 304.39-080.~~[The department shall further inform the insured that if evidence of insurance is not received within thirty (30) days the department shall revoke the registration of the motor vehicle until:~~

~~1. The person presents proof of insurance to the county clerk and pays the reinstatement fee required by KRS 186.180;~~

~~2. The person presents proof in the form of an affidavit stating, under penalty of perjury as set forth in KRS 523.030, that the failure to maintain motor vehicle insurance on the vehicle specified in the department's notification is the result of the inoperable condition of the motor vehicle;~~

~~3. The person presents proof in the form of an affidavit stating, under penalty of perjury as set forth in KRS 523.030, that the failure to maintain motor vehicle insurance on the vehicle specified in the department's notification is the result of the seasonal nature of the vehicle. The affidavit shall explain that when the vehicle is out of dormancy and when the seasonal use of the vehicle is resumed, the proper security will be obtained; or~~

~~4. The person presents proof in the form of an affidavit stating, under penalty of perjury as set forth in KRS 523.030, that he or she requires a registered motor vehicle in order to carry out his or her employment and that the motor vehicle that he or she drives during the course of his or her employment meets the security requirement of Subtitle 39 of KRS Chapter 304. The person shall also declare in the affidavit that he or she will operate a motor vehicle only in the course of his or her employment. If a person has his or her motor vehicle registration revoked in accordance with this subsection three (3) times within any twelve (12) month period, the revocations shall constitute a violation of KRS 304.39-080. The department shall notify the county attorney to begin prosecution for violation of subtitle 39 of KRS Chapter 304.~~

~~(b) The Department of Vehicle Regulation shall be responsible for notification to the appropriate county attorney that a motor vehicle is not properly insured, if the insured does not respond to notification set out by paragraph (a) of this subsection. The notice that the department gives to the county attorney in accordance with paragraph (a) of this subsection shall include a certified copy of the person's driving record which shall include:~~

~~1. The notice that the department received from an insurance company that a person's motor vehicle insurance policy has been canceled or has not been renewed; and~~

~~2. A dated notice that the department sent to the person requiring the person to present proof of insurance to the county clerk.~~

~~Upon notification by the department, a county attorney shall immediately begin prosecution of the person who had his or her motor vehicle registration revoked three (3) times within any twelve (12) month period in accordance with paragraph (a) of this subsection.]~~

(c) ***An owner may present the proof of insurance required under this subsection in either a paper or an electronic format***~~[The certified copies sent by the department described in paragraph (b) of this subsection, shall be prima facie evidence of a violation of KRS 304.39-080]~~.

(d) ***When proof of insurance is provided in electronic format, the department or county clerk may require the owner to email or otherwise electronically submit the proof of insurance for the department's or clerk's records***~~[If the insured provides proof of insurance to the clerk within the thirty (30) day notification period, the department shall ensure action is taken to denote a valid insurance policy is in force]~~.

(6) ~~[(3)]~~ (a) In developing the mechanism to electronically transfer information pursuant to ***this section and*** KRS 304.39-087 ***and 304.39-085***, the commissioner of the department~~[of Vehicle Regulation]~~ shall***:***

1. Consult with the commissioner of the Department of Insurance and insurers of~~[personal]~~ motor vehicles to adopt a standardized system of organizing, recording, and transferring the information so as to minimize insurer administrative expenses***; and***~~[. The commissioner of vehicle regulation shall]~~

2. To the maximum extent possible***,*** utilize nationally recognized electronic data information systems ***consistent with the requirements of this section***~~[such as those developed by the American National Standards Institute or the American Association of Motor Vehicle Administrators]~~.

(b) Notwithstanding any other provision of law***:***~~[,]~~

1. Information obtained by the department pursuant to ***this section and*** KRS 304.39-087 shall not be***:***

a. Subject to the Kentucky Open Records Act, KRS ***61.870***~~[61.872]~~ to 61.884***; or***~~[, and shall not be]~~

b. Disclosed, used, sold, accessed, ***or*** utilized in any manner, or released by the department to any ***individual, entity***~~[person, corporation]~~, or state ***or***~~[and]~~ local agency, except***:***

i. In accordance with state law for the purposes specified by this section; or

ii. In response to a specific individual request for the information authorized pursuant to the federal Driver's Privacy Protection Act, 18 U.S.C. ***sec.***~~[sees.]~~ 2721 et seq.***;***

2. The department shall institute measures to ensure that only authorized persons are permitted to access the information ***referenced in this paragraph*** for the purposes specified by this section***; and***~~[.]~~

3. Persons who knowingly release or disclose information~~[from the database created by KRS 304.39-087]~~ for a purpose other than those~~[described as]~~ authorized by this ***paragraph***~~[section]~~ or to a person not entitled to receive it shall be guilty of a Class A misdemeanor for each release or disclosure.

(7) The Commonwealth Office of Technology and the Department of Insurance shall provide support and assistance to the department in carrying out the provisions of this section.

➔Section 2. KRS 186A.042 is amended to read as follows:

(1) ***As used in this section, the following have the same meaning as in Section 1 of this Act:***

(a) "Accessible online insurance verification system"; and

(b) "Personal motor vehicle."

(2) ~~[On and after January 1, 2006,]~~A county clerk shall not process an application for, nor issue, a:

(a) Kentucky title and registration or renewal of registration;

(b) Replacement plate, decal, or registration certificate;

(c) Duplicate registration;

(d) Transfer of registration; or

(e) Temporary tag;

for any personal motor vehicle~~[as defined in KRS 304.39-087(1)]~~ if ***the accessible online insurance verification system*** ~~[AVIS]~~ does not list the vehicle identification number of the personal motor vehicle as an insured vehicle, except as provided in subsection ***(3)*** ~~[(2)]~~ of this section.

(3) ~~[(2)]~~ If ***the accessible online insurance verification system*** ~~[AVIS]~~ does not list the vehicle identification number of the personal motor vehicle as an insured vehicle, the county clerk may process the application if :

(a) The applicant has an insurance card in ***either a*** paper or ***an*** electronic format that indicates the required security is currently in full force ***and effect*** on the personal motor vehicle if the paper or electronic proof of insurance card was effective no more than ***seven (7)*** ~~[forty-five (45)]~~ days before the application is submitted to the county clerk; or

(b) The owner of the motor vehicle***:***

1. Is serving in the Armed Forces outside of Kentucky***;*** ~~[,]~~ and~~[the owner]~~

2. Provides an affidavit by the provost marshal of the base where the owner is stationed stating that the motor vehicle is covered by security as required by Subtitle 39 of KRS Chapter 304.

(4) ~~[(3)]~~ This section shall not apply to any transactions involving Kentucky motor vehicle dealers who are licensed as required by KRS 190.030.

(5) ~~[(4)]~~ For purposes of this section:

(a) An insurance card in an electronic format means the display of an image subject to immediate download or transmission from the applicant's insurer or ***insurance*** agent to the applicant on ***an*** ~~[any portable]~~ electronic device, including a cellular phone or any other type of portable electronic device, but shall not include a photographic copy of a paper insurance card on a portable electronic device; and

(b) The county clerk may require the applicant to ***email*** ~~[e-mail]~~ the electronic insurance card to the clerk, and the clerk may print a copy of the card for the clerk's records.

➔Section 3. KRS 186A.100 is amended to read as follows:

(1) ***(a)*** A motor vehicle dealer licensed under KRS 186.070 who sells a vehicle for use upon the highways of this state shall equip the vehicle with a temporary tag executed in the manner prescribed below, which shall be valid for sixty (60) days from the date the vehicle is delivered to the purchaser.

(b) The cost of the tag shall be two dollars ($2), of which the ***county*** clerk shall retain one dollar ($1).

(c) A motor vehicle dealer licensed under KRS 186.070 shall apply to the county clerk of the county in which the dealer maintains his ***or her*** principal place of business for issuance of temporary tags. Application shall be made for such tags on forms supplied to the county clerk by the Transportation Cabinet.

(2) The county clerk of any county who receives a proper application for issuance of temporary tags shall record the number of each tag issued upon the application of the dealer for such tags, or if a group of consecutively numbered temporary tags are issued to a dealer in connection with a single application, record the beginning and ending numbers of the group on the application.

(3) The clerk shall retain, for a period of two (2) years, one (1) copy of the dealer's temporary tag application, and ensure that it reflects the numbers appearing on the tags issued with respect to such application.

(4) ***(a)*** If the owner of a motor vehicle submits to the county clerk a properly completed application for Kentucky certificate of title and registration pursuant to KRS 186A.120, any motor vehicle required to be registered and titled in Kentucky, that is not currently registered and titled in Kentucky, may be equipped with a temporary tag, which shall be valid for sixty (60) days from the date of issuance, issued by the county clerk for the purpose of operating the vehicle in Kentucky while assembling the necessary documents in order to title and register the vehicle in Kentucky.

(b) The Transportation Cabinet may ***promulgate*** ~~[establish]~~ administrative regulations ***in accordance with KRS Chapter 13A*** governing this ***subsection*** ~~[section]~~.

(5) ***(a)*** The county clerk may issue a temporary tag to the owner of a motor vehicle that is currently registered and titled in Kentucky.

(b) A temporary tag authorized by this subsection shall be used for emergency or unusual purposes as determined by the ***county*** clerk for the purpose of maintaining the owner's current registration.

(c) A temporary tag authorized by this subsection may only be issued by the county clerk and shall be valid for a period of between twenty-four (24) hours and seven (7) days, as determined is necessary by the clerk.

(d) A county clerk shall not issue a temporary tag authorized by this subsection unless the owner of the motor vehicle applying for the tag presents proof of motor vehicle insurance pursuant to KRS 304.39-080. ~~[On and after January 1, 2006, If the motor vehicle is a personal motor vehicle as defined in KRS 304.39-087,]~~Proof of insurance ***for a personal motor vehicle*** shall be determined by the county clerk as provided in KRS 186A.042.

(e) A temporary tag issued pursuant to this subsection shall not be reissued by the county clerk for the same owner and same motor vehicle within one (1) year of issuance of a temporary tag.

➔Section 4. KRS 186.021 is amended to read as follows:

(1) Except as provided in subsection (2) of this section, a county clerk shall not issue a replacement plate, decal, or registration certificate as provided in KRS 186.180, or a registration for renewal to any person who on January 1 of any year owned a motor vehicle on which state, county, city, urban-county government, school, or special taxing district ad valorem taxes are delinquent.

(2) ***(a)*** Pursuant to KRS 134.810(4), the owner as defined in KRS 186.010(7)(a) and (c) on January 1 of any year shall be liable for taxes due on a motor vehicle.

(b) A person other than the owner of record who applies to a county clerk to transfer the registration of a motor vehicle may pay any delinquent ad valorem taxes due on the motor vehicle to facilitate the county clerk's transferring registration of the motor vehicle.

(c) The person applying shall not be required to pay delinquent ad valorem taxes due on any other motor vehicle owned by the owner of record from which he is purchasing his motor vehicle as a condition of registration.

(3) ***(a)*** A county clerk shall not issue a replacement plate, decal, or registration certificate as provided in KRS 186.180, or a registration renewal for any motor vehicle that is not insured in compliance with KRS 304.39-080.

(b) Each applicant for registration renewal shall present proof of compliance to the county clerk in a manner prescribed in administrative regulations issued by the Department of Insurance.

(c) ~~[On and after January 1, 2006, if the motor vehicle is a personal motor vehicle as defined in KRS 304.39-087,]~~Proof of insurance ***for a personal motor vehicle*** shall be determined by the county clerk as provided in KRS 186A.042.

➔Section 5. KRS 186.040 is amended to read as follows:

(1) ***(a)*** Upon receiving the application and fee, the county clerk shall issue to the owner a certificate of registration containing the information required by subsection (2) of this section and a registration plate.

(b) If the cabinet finds that there is a shortage of materials suitable for making plates, or that a substantial saving will result, it may require by an administrative regulation promulgated in accordance with KRS Chapter 13A and with the approval of the Governor that the previously issued plates continue to be used for a designated period.

(c) Except as provided in subsection (3) of this section and in KRS 186.162, for services performed, the owner shall pay the county clerk the sum of six dollars ($6) for each registration, or if the registration exceeds a twelve (12) month period, the clerk shall receive a fee of nine dollars ($9).

(2) The certificate of registration shall contain the registration number, the name and post office address of the owner, and such other information as the cabinet may require.

(3) Thirty dollars ($30) of the registration fee under KRS 186.050 for a motor vehicle that has a declared gross vehicle weight with any towed unit of forty-four thousand and one (44,001) pounds or greater shall be distributed to the county clerk of the county where the vehicle is registered.

(4) ***(a)*** Any person requesting a certificate of registration or renewal of registration of any type of motor vehicle shall have the opportunity to donate one dollar ($1) to the child care assistance account.

(b) The one dollar ($1) donation shall be added to the regular fee for vehicle registration.

(c) One (1) donation may be made per issuance or renewal of vehicle registration.

(d) Donation to the child care assistance account shall be voluntary and may be refused by the applicant at the time of the issuance or renewal of any vehicle registration.

(5) ***(a)*** The county clerk may retain five percent (5%) of fees collected for the child care assistance account under subsection (4) of this section.

(b) The remaining funds shall be deposited into a trust and agency account in the State Treasury to the credit of the Cabinet for Health and Family Services for the exclusive use as follows:

1. ~~[(a)]~~ Funds shall be made available to the agencies that administer child care subsidy funds; and

2. ~~[(b)]~~ Funds shall be used as determined by the cabinet for working families whose income exceeds the state income eligibility limits for child day care assistance.

(6) ***(a)*** Except as provided in KRS 186.162, in addition to the registration fee provided for county clerks in subsections (1) and (3) of this section, an additional three dollars ($3) per registration shall be collected at the time of registration.

(b) This additional fee shall be distributed as follows:

1. ~~[(a)]~~ One dollar ($1) shall be placed in an agency fund to provide additional funds exclusively for technological improvements or replacement of the AVIS system. The operation and maintenance of AVIS shall remain as currently provided for from the operational budget of the Transportation Cabinet and shall not be reduced below the 2005-2006 funding level;

2. ~~[(b)]~~ One dollar ($1) shall be placed in an agency trust fund to provide funds exclusively for technological improvements to the hardware and software in county clerk offices related to the collection and administration of road fund taxes. The~~[Transportation]~~ cabinet, in consultation with county clerks, shall allocate funds as necessary from this fund to be used for this exclusive purpose; and

3. ~~[(c)]~~ One dollar ($1) shall be placed in a trust fund to be maintained by the~~[Transportation]~~ cabinet to provide an unrestricted revenue supplement, for operations of the office related to the collection and administration of road fund taxes, to county clerk offices in counties containing a population of less than twenty thousand (20,000), as determined by the decennial census, and for no other purpose. Annually, by March 1, the~~[Transportation]~~ cabinet shall calculate the amount collected in the previous calendar year and distribute the entire fund proportionate to each county that qualifies under this paragraph based on population. This revenue shall be considered current year revenue when paid to the clerk and shall not be identified as excess fees from the previous year.

(7) Any motor vehicle registration cancelled for nonrenewal shall be subject to the provisions of KRS 186.181.

(8) ***(a)*** The owner of a motor vehicle for which the registration has been cancelled under this section***, or revoked under subsection (5)(b) of Section 1 of this Act,*** shall be subject to a reinstatement fee of forty dollars ($40), payable to the county clerk.

(b) The county clerk shall retain twenty dollars ($20) of the reinstatement fee and forward the remaining twenty dollars ($20) to the cabinet.

(c) The portion of the reinstatement fee received by the cabinet under this subsection as a result of a revocation under subsection (5)(b) of Section 1 of this Act shall be placed in an agency fund to provide additional funds exclusively for the establishment, implementation, operation, maintenance, and any necessary improvements or replacement of the accessible online insurance verification system established under Section 1 of this Act.

➔Section 6. KRS 186.180 is amended to read as follows:

(1) (a) If ***an***~~[the]~~ owner loses his or her copy of a registration or transfer receipt, ***the owner***~~[he or she]~~ may obtain a duplicate from the county clerk who issued the present owner's copy of the receipt ***if:***~~[by]~~

1. ~~[Presenting the clerk]~~Proof of insurance on the motor vehicle in compliance with KRS 304.39-080 ***is provided to the county clerk, except that proof of insurance shall not be required for duplicates applied for by motor vehicle dealers as defined in KRS 190.010;***~~[, and by]~~

2. ***The owner files***~~[Filing]~~ an affidavit, upon a form furnished by the cabinet***; and***~~[.]~~

3. The owner ***pays***~~[shall pay]~~ to the ***county*** clerk a fee of three dollars ($3)~~[, except proof of insurance shall not be required for duplicates applied for by motor vehicle dealers as defined in KRS 190.010]~~.

(b) When ***an***~~[the]~~ owner's copy of any registration or transfer receipt shows that the spaces provided thereon for noting and discharging security interests have been exhausted, the owner may ***obtain a duplicate from***~~[apply to]~~ the county clerk who issued the receipt ***if:***~~[in order to obtain a duplicate thereof.]~~

1. The owner ***surrenders***~~[shall surrender]~~ his or her copy of the current receipt to the ***county*** clerk***;***~~[and provide]~~

2. Proof of insurance on the motor vehicle in compliance with KRS 304.39-080 ***is provided to the county clerk, except that proof of insurance shall not be required for duplicates applied for by motor vehicle dealers as defined in KRS 190.010; and***~~[, before a duplicate may be issued.]~~

3. The owner ***pays to***~~[shall pay]~~ the ***county*** clerk a fee of three dollars ($3)~~[, except proof of insurance shall not be required for duplicates applied for by motor vehicle dealers as defined in KRS 190.010]~~.

(c) Any security interest which has been discharged as shown by the records of the clerk or upon the owner's copy of the current receipt shall be omitted from the duplicate receipt to be issued by the ***county*** clerk.

(2) ***(a)*** If ***an***~~[the]~~ owner loses a registration plate, ***the owner***~~[he or she]~~ shall***:***

1. Surrender his or her registration receipt to the county clerk from whom it was obtained***;*** and

2. File a written statement as to the loss of the plate.

(b) ~~[Upon presenting the clerk proof of insurance on the motor vehicle in compliance with KRS 304.39-080, and upon the payment of the sum of three dollars ($3) for each plate and a fee of three dollars ($3) to the clerk for his or her services,]~~The owner shall be issued another registration receipt and a plate or plates***,*** which shall bear a different number from that of the lost plate***, if:***

1. ***Proof of insurance on the motor vehicle in compliance with KRS 304.39-080 is provided to the county clerk; and***

2. ***The owner pays to the county clerk the sum of:***

a. ***Three dollars ($3) for each plate; and***

b. ***Three dollars ($3) to the county clerk for his or her services***.

(c) The ***county*** clerk shall***:***

1. Retain the owner's statement***;***~~[and]~~

2. ***Retain*** a copy of the owner's proof of insurance***;***~~[, and shall]~~

3. Make a notation on the triplicate copy of the surrendered registration receipt stating the number of the registration receipt replacing it***; and***~~[.]~~

4. ***Forward*** the original copy of the surrendered receipt~~[shall be forwarded]~~ to the cabinet.

(d) The cabinet shall***:***

1. ***Immediately***~~[forthwith]~~ cancel the registration corresponding to the number of the lost plate***; and***

2. ***Report***~~[.]~~ the cancellation~~[shall be reported by the cabinet]~~ to the commissioner of the Department of Kentucky State Police.

(e) Any person finding a lost registration plate shall deliver it to the~~[Transportation]~~ cabinet or to any county clerk for forwarding it to the cabinet.

(3) ***(a)*** If ***an***~~[the]~~ owner moves from one (1) county into another county of the Commonwealth, ***the owner***~~[he or she]~~ may obtain ***from the county clerk of his or her county of residence*** a ***new registration receipt and new*** registration plate bearing the name of the county of residence ***if:***~~[. In order to obtain a new registration plate, the owner shall surrender]~~

1. ***The owner surrenders*** his or her current registration receipt and current registration plate to the county clerk***;***~~[. Upon being provided with]~~

2. Proof of insurance on the motor vehicle in compliance with KRS 304.39-080 ***is provided to***~~[,]~~ the ***county*** clerk***; and***~~[shall provide the owner with a new registration receipt and plate bearing the county name]~~

3. ***The owner pays a fee of five dollars ($5) to the county clerk, of which the county clerk shall be entitled to retain three dollars ($3) and the cabinet shall be entitled to two dollars ($2)***.

(b) The surrendered receipt and plate shall be forwarded to the~~[Transportation]~~ cabinet.~~[The fee for this registration shall be five dollars ($5) of which the clerk shall be entitled to three dollars ($3) and the cabinet shall be entitled to two dollars ($2).]~~

(4) If ***an***~~[the]~~ owner's registration is revoked ***under subsection (5)(b) of Section 1 of this Act***~~[as a result of the provisions set forth in KRS 186A.040]~~, the owner may have his or her registration reinstated by the county clerk who issued the present owner's copy of the receipt ***if***~~[by presenting the clerk proof of]~~:

(a) ***The owner pays to the county clerk the reinstatement fee required under subsection (8) of Section 5 of this Act; and***

(b) ***The owner provides proof of*** insurance on the motor vehicle in compliance with KRS 304.39-080 ***to the county clerk***~~[and by filing an affidavit upon a form furnished by the cabinet; or~~

~~(b) A valid compliance or exemption certificate in compliance with KRS 224.20-720 or issued under the authority of an air pollution control district under KRS 224.20-760]~~.

(5) The owner of a motor vehicle that has the vehicle's registration revoked under KRS 186.290 shall pay to the clerk a fee of twenty dollars ($20), which shall be equally divided between the county clerk and the cabinet.

(6) ~~[On and after January 1, 2006, if the motor vehicle is a personal motor vehicle as defined in KRS 304.39-087,]~~Proof of insurance ***for a personal motor vehicle***~~[required under this section]~~ shall be determined by the county clerk as provided in KRS 186A.042.

➔Section 7. KRS 186.190 is amended to read as follows:

(1) (a) Except as provided for in paragraph (e) of this subsection, when a motor vehicle that has been previously registered changes ownership, the registration plate shall not remain upon the motor vehicle, but shall be retained by the seller and may be transferred to another vehicle owned or leased by the seller in accordance with paragraph (b) or (c) of this subsection.

(b) An individual who sells a motor vehicle which has a valid registration plate may transfer that plate to another vehicle of the same classification at the time the individual transfers the vehicle. If the individual does not have a vehicle to transfer the plate to at the time the individual sells a vehicle, the individual may hold the registration plate for the period of registration. At any time during the period of registration, the individual shall notify the county clerk and transfer the plate to a vehicle of the same classification that he or she has obtained prior to operating that vehicle on a public highway. If the plate transfer occurs in the final month in which the existing registration is still valid, the individual shall be required to renew the registration on the newly acquired vehicle.

(c) An individual who trades in a motor vehicle with a valid registration plate during the purchase of a motor vehicle from a licensed motor vehicle dealer shall remove the plate from the vehicle offered in trade. A photocopy of the valid certificate of registration shall be included with the application for title and registration for the purchased vehicle, and the plate shall be retained by the purchaser. The dealer shall equip the purchased vehicle with a temporary tag in accordance with KRS 186A.100 before the buyer may operate it on the highway. When the buyer receives a valid certificate of registration from the county clerk, the buyer shall remove the temporary tag and affix the registration plate to the vehicle.

(d) All vehicle transfers and registration plate transfers shall be initiated within the fifteen (15) day period established under KRS 186.020 and 186A.070.

(e) This subsection shall not apply to transfers between motor vehicle dealers licensed under KRS Chapter 190. A secured party who repossesses a vehicle shall comply with KRS 186.045(6).

(2) ***(a)*** A person shall not purchase, sell, or trade any motor vehicle without delivering to the county clerk of the county in which the sale or trade is made the title, and a notarized affidavit if required and available

under KRS 138.450 attesting to the total and actual consideration paid or to be paid for the motor vehicle.

(b) Except for transactions handled by a motor vehicle dealer licensed pursuant to KRS Chapter 190, the person who is purchasing the vehicle shall present proof of insurance in compliance with KRS 304.39-080 to the county clerk before the clerk transfers the registration on the vehicle.

(c) Proof of insurance shall be in the manner prescribed in administrative regulations promulgated by the Department of Insurance pursuant to KRS Chapter 13A.

(d) ~~[On and after January 1, 2006, if the motor vehicle is a personal motor vehicle as defined in KRS 304.39-087,]~~Proof of insurance ***for a personal motor vehicle*** shall be determined by the county clerk as provided in KRS 186A.042.

(3) ***(a)*** Upon delivery of the title, and a notarized affidavit if required and available under KRS 138.450 attesting to the total and actual consideration paid or to be paid for the motor vehicle to the county clerk of the county in which the sale or trade was made, the seller shall pay to the county clerk a transfer fee of two dollars ($2), which shall be remitted to the Transportation Cabinet.

(b) If an affidavit is required, and available, the signatures on the affidavit shall be individually notarized before the county clerk shall issue to the purchaser a transfer of registration bearing the same data and information as contained on the original registration receipt, except the change in name and address.

(c) The seller shall pay to the county clerk a fee of six dollars ($6) for ***the clerk's***~~[his]~~ services.

(4) ***(a)*** If the owner junks or otherwise renders a motor vehicle unfit for future use, ***the owner***~~[he]~~ shall deliver the registration plate and registration receipt to the county clerk of the county in which the motor vehicle is junked.

(b) The county clerk shall return the plate and motor vehicle registration receipt to the Transportation Cabinet.

(c) The owner shall pay to the county clerk one dollar ($1) for ***the clerk's***~~[his]~~ services.

(5) A licensed motor vehicle dealer shall not be required to pay the transfer fee provided by this section, but shall be required to pay the county clerk's fee provided by this section.

(6) The motor vehicle registration receipt issued by the clerk under this section shall contain information required by the Department of Vehicle Regulation.

➔Section 8. KRS 186.990 is amended to read as follows:

(1) Any person who violates any of the provisions of KRS 186.020, 186.030, 186.040, 186.045(4), 186.050, 186.056, 186.060, 186.073, 186.110, 186.130, 186.140, 186.160, 186.170, 186.180(1) to (4)~~[(a)]~~, 186.210(1), 186.230, or KRS 186.655 to 186.680 shall be guilty of a violation.

(2) Any person who violates any of the provisions of KRS 138.465, 186.072, 186.190, 186.200, or 186.210(2) shall be guilty of a Class A misdemeanor.

(3) A person who violates the provisions of KRS 186.450(4), (5), or (6) or 186.452(3), (4), or (5) shall be guilty of a violation. A person who violates any of the other provisions of KRS 186.400 to 186.640 shall be guilty of a Class B misdemeanor.

(4) Any clerk or judge failing to comply with KRS 186.550(1) shall be guilty of a violation.

(5) If it appears to the satisfaction of the trial court that any offender under KRS 186.400 to 186.640 has a driver's license but in good faith failed to have it on his or her person or misplaced or lost it, the court may, in its discretion, dismiss the charges against the defendant without fine, imprisonment, or cost.

(6) Any person who steals a motor vehicle registration plate or renewal decal shall be guilty of a Class D felony. Displaying a canceled registration plate on a motor vehicle shall be prima facie evidence of guilt under this section.

(7) Any person who violates the provisions of KRS 186.1911 shall be guilty of a Class A misdemeanor.

(8) Any person who makes a false affidavit to secure a license plate under KRS 186.172 shall be guilty of a Class A misdemeanor.

(9) Any person who violates any provision of KRS 186.070 or 186.150 shall be guilty of a Class A misdemeanor.

(10) Any person who operates a vehicle bearing a dealer's plate upon the highways of this Commonwealth with intent to evade the motor vehicle usage tax or registration fee shall be guilty of a Class A misdemeanor for the first offense and a Class D felony for each subsequent offense.

(11) Any person, other than a licensed dealer or manufacturer, who procures a dealer's plate with intent to evade the motor vehicle usage tax or registration fee shall be guilty of a Class D felony.

(12) Any resident who unlawfully registers, titles, or licenses a motor vehicle in any state other than Kentucky with intent to evade the motor vehicle usage tax or the registration fee shall be guilty of a Class A misdemeanor if the amount of tax due is less than one hundred dollars ($100), or of a Class D felony if the amount of tax due is more than one hundred dollars ($100), and in addition shall be liable for all taxes so evaded with applicable interest and penalties.

➔Section 9. KRS 304.39-085 is amended to read as follows:

(1) ***As used in this section, the following have the same meaning as in Section 1 of this Act:***

(a) "Commercial motor vehicle";

(b) "Commercial motor vehicle insurance"; and

(c) "Insurer."

(2) Every ***insurer that does not provide access to insurance status information for commercial motor vehicles as specified by the Department of Vehicle Regulation under Section 1 of this Act***~~[authorized insurance company]~~ shall, within one (1) calendar week following the end of its accounting month, send to the Department of Vehicle Regulation a list of all persons insured by it whose ***commercial motor vehicle insurance***~~[policy]~~ was terminated by either cancellation or nonrenewal during such accounting month, except those persons whose nonrenewal was at the end of a policy with a term of six (6) months or longer and who failed to make a payment for the renewal of the policy. Such list shall include a description of each vehicle insured under such terminating policy.

(3)~~[(2)]~~ ***An insurer may***~~[It shall be lawful for an authorized insurance company to]~~ present the information required by subsection ***(2)***~~[(1)]~~ of this section by compatible computer tape approved by the Department of Vehicle Regulation.

~~[(3) On and after January 1, 2006, this section shall not apply to policies covering personal motor vehicles as defined in KRS 304.39-087.]~~

➔Section 10. KRS 304.39-087 is amended to read as follows:

(1) ***(a)*** As used in this ***subsection***~~[section]~~, ~~[unless the context requires otherwise,]~~ "personal motor vehicle" means:

1.~~[(a)]~~ A private passenger motor vehicle that is not used as a public or livery conveyance for passengers, nor rented to others; and

2.~~[(b)]~~ Any other four-wheel motor vehicle that weighs six thousand (6,000) pounds or less which is not used in the occupation, profession, or business of the insured.

(b)~~[(2)]~~ ***Prior to January 1, 2027***~~[Beginning January 1, 2006]~~, every insurance company that writes liability insurance on personal motor vehicles in Kentucky shall, between the first and fifteenth day of each month, send to the Department of Vehicle Regulation a list of the vehicle identification numbers (VINs) of each personal motor vehicle covered by liability insurance issued by the insurer as of the last day of the preceding month and the name of each personal motor vehicle insurance policyholder. The information shall be submitted either electronically or by paper copy at the option of the Department of Vehicle Regulation.

(c)~~[(3)]~~ In the absence of malice, fraud, or gross negligence, ***an***~~[any]~~ insurer and any authorized employee of ***the***~~[an]~~ insurer shall not be subject to civil liability for libel, slander, or any other relevant tort, and no civil cause of action of any nature shall arise against the insurer or authorized employee, for submission of the information required by~~[subsection (2) of]~~ this ***subsection***~~[section]~~, including submission of inaccurate or incomplete information.

(2) Every insurer that provides coverage for the security required under KRS 304.39-080 for personal motor vehicles, as defined in Section 1 of this Act, shall comply with Section 1 of this Act.

➔Section 11. KRS 304.39-117 is amended to read as follows:

(1) ***As used in this section, the following have the same meaning as in Section 1 of this Act:***

(a) "Accessible online insurance verification system" or "system";

(b) "Commercial motor vehicle";

(c) "Insurer"; and

(d) "Personal motor vehicle."

(2) ***(a)*** Each insurer~~[issuing an insurance contract which provides security covering a motor vehicle]~~ shall provide to the insured, in compliance with administrative regulations promulgated by the ***commissioner***~~[department]~~, written proof in the form of an insurance card that the insured has in ***full force and*** effect ***the***~~[an insurance contract providing]~~ security ***required under***~~[in conformity with]~~ this subtitle.

(b) An insurer may provide an insurance card in either a paper or an electronic format.

(c) For commercial motor vehicles, the insurance card shall clearly indicate that the coverage is commercial or fleet coverage.

(3)~~[(2)]~~ If an owner enters into an insurance contract on a newly acquired motor vehicle, or changes insurance carriers on an existing motor vehicle, the owner shall keep the paper insurance card or ***an***~~[a portable]~~ electronic device to download the insurance card in his or her motor vehicle for ***the following number of***~~[forty-five (45)]~~ days ***after***~~[from]~~ the date the coverage took effect as prima facie evidence that the required security is currently in full force and effect, and shall show the card to a peace officer upon request***:***

(a) Except as provided in paragraph (b) of this subsection, forty-five (45) days for a commercial motor vehicle; or

(b) Seven (7) days for a:

1. Personal motor vehicle; or

2. Commercial motor vehicle if the commercial motor vehicle is covered by an insurer that has opted to report to the accessible online insurance verification system.

(4)~~[(3)]~~ ***For a***~~[As to]~~ personal motor ***vehicle or a commercial motor vehicle if the commercial motor vehicle is covered by an insurer that has opted to report to the accessible online insurance verification system:***~~[vehicles as defined in KRS 304.39-087,]~~

(a) The paper or electronic insurance card or the ***system***~~[database created by KRS 304.39-087]~~ shall be evidence to a peace officer who requests the card if the peace officer has access to the ***system***~~[database through AVIS]~~***; and***~~[.]~~

(b) If ***the system***~~[AVIS]~~ does not list the vehicle identification number of the~~[personal]~~ motor vehicle as an insured vehicle, the peace officer may accept a paper or electronic insurance card as evidence that the required security is currently in full force and effect on the~~[personal]~~ motor vehicle if the card was effective no more than ***seven (7)***~~[forty-five (45)]~~ days before the date on which the peace officer requests the card.

(5)~~[(4)]~~ For purposes of this section:

(a) An insurance card in an electronic format means the display of an image on any~~[portable]~~ electronic device, including a cellular phone or any other type of portable electronic device, depicting a current valid representation of the card;

(b) Whenever a person presents ***an***~~[a mobile]~~ electronic device pursuant to this section, that person assumes all liability for any damage to the~~[mobile]~~ electronic device; and

(c) When a person provides evidence of financial responsibility using ***an***~~[a mobile]~~ electronic device to a peace officer, the peace officer shall only view the electronic image of the insurance card and is prohibited from viewing any other content on the~~[mobile]~~ electronic device.

➔Section 12. By July 1, 2025:

(1) The Department of Insurance shall identify and appoint the initial four insurer representatives to the technical advisory committee created under subsection (4) of Section 1 of this Act in accordance with paragraph (d) of that subsection; and

(2) The Department of Vehicle Regulation shall notify the members of the technical advisory committee created under subsection (4) of Section 1 of this Act of the date, time, and location of the first meeting, which meeting may include remote attendance and shall:

(a) Take place within 30 days of the date of the notification; and

(b) Include an informational status update from the department relating to the establishment and implementation of the accessible online insurance verification system.

➔Section 13. Sections 2 and 11 of this Act take effect on January 1, 2027.

Signed by Governor March 19, 2025.

CHAPTER 40

(SB 103)

AN ACT relating to the Office of Vocational Rehabilitation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 151B.195 is amended to read as follows:

(1) The executive director of the Office of Vocational Rehabilitation***:***

(a) Shall ***promulgate***~~[prescribe]~~ administrative regulations ***in accordance with KRS Chapter 13A*** governing the services, personnel, and administration of ***vocational rehabilitation services for Kentucky;***

(b) ***Shall establish a preference for in-state services, so long as the preference does not effectively deny an individual a necessary service that may be available outside of Kentucky;***~~[the State Vocational Rehabilitation Agency;]~~

(c) May enter into reciprocal agreements with other states to provide for the vocational rehabilitation of residents of the states concerned;

(d) May establish and supervise the operation of small businesses established pursuant to KRS 151B.180 to 151B.210 to be conducted by eligible individuals with severe disabilities; and

(e) May establish state funded special programs for vocational rehabilitation in the state vocational rehabilitation agency.

(2) Except as provided in KRS 151B.190, the executive director ***shall promulgate***~~[may prescribe]~~ administrative regulations to establish ***procedures and standards for service fee memoranda and*** fees for services provided to individuals or entities, public or private***, including but not limited to community rehabilitation program service providers. Any revised procedure or standard for service fee memoranda shall be established prior to the new fiscal year***.

(3) The executive director is authorized to provide liability insurance or an indemnity bond against the negligence of drivers of motor vehicles owned or operated by the office for the transportation of applicants or clients of the office. If the transportation is let out under contract, the contract shall require the contractor to carry an indemnity bond or liability insurance against negligence to such amounts as the executive director designates. In either case, the indemnity bond or insurance policy shall be issued by a surety or insurance company authorized to transact business in this state, and shall bind the company to pay any final judgment not to exceed the limits of the policy rendered against the insured for loss or damage to property of any applicant or client or other person, or death or injury of any applicant or client or other person.

(4) The provisions of any other statute notwithstanding, the executive director is authorized to use receipt of funds from the Social Security reimbursement program for a direct service delivery staff incentive program. Incentives may be awarded if case service costs are reimbursed for job placement of Social Security or Supplemental Security Income recipients at the Substantial Gainful Activity (SGA) level for nine (9) months pursuant to 42 U.S.C. sec. 422 and under those conditions and criteria as are established by the federal reimbursement program***.***

(5) The executive director shall submit an annual report of its activities for the preceding fiscal year to the Governor and the Legislative Research Commission for referral to the Interim Joint Committee on Families and Children and the Interim Joint Committee on Economic Development and Workforce Investment. Each report shall include a complete operating and financial statement of the Office of Vocational Rehabilitation.

Signed by Governor March 19, 2025.

CHAPTER 41

(HJR 53)

A JOINT RESOLUTION authorizing the release of funds.

WHEREAS, it is the responsibility of the General Assembly to monitor the spending of state funds for the good of the Commonwealth; and

WHEREAS, with that responsibility in mind, certain appropriations were contingent upon approval of the General Assembly; and

WHEREAS, 2024 Ky. Acts ch. 175, Part I, J., 4., (4) requires the approval of the General Assembly;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. The General Assembly of the Commonwealth of Kentucky hereby approves and authorizes the Office of State Budget Director to release capital construction funds for the Design Health Sciences Center project at Kentucky State University in accordance with 2024 Ky. Acts ch. 175, Part I, J., 4., (4).

➔Section 2. On or before November 1, 2025, Kentucky State University, in collaboration with the Council on Postsecondary Education, shall submit to the Interim Joint Committee on Appropriations and Revenue a comprehensive business plan for the Design Health Sciences Center project, including how the new facility fits in the Kentucky State University business plan for facilities and academics as well as how the project will work within and supplement the current health science programs of the Commonwealth's university systems.

Signed by Governor March 19, 2025.

CHAPTER 42

(SB 64)

AN ACT relating to key infrastructure assets and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 511.100 is amended to read as follows:

(1) As used in this section:

(a) "Key infrastructure assets" means:

1. Any critical node of a system used in the production or generation of electrical energy;

2. A petroleum refinery;

3. A rubber or hazardous chemical manufacturing facility;

4. A petroleum or hazardous chemical storage facility or terminal;

5. Natural gas processing, fractionation, stabilization, and compressor station facilities, as well as above-ground natural gas or petroleum pipelines and related facilities;

6. Railroad yards and railroad tunnel portals;

7. A drinking water collection, treatment, or storage facility;

8. Grounds or property of a state prison, juvenile justice facility, jail, or other facility for the detention of persons charged with or convicted of crimes;

9. A facility used for research, development, design, production, delivery, or maintenance of military weapons systems, subsystems, and components or parts to meet military requirements of the United States;

10. A wireless communications facility, including the tower, antennae, support structures and all associated ground-based equipment, and a telecommunications central switching office;

11. A ***facility, equipment, or communication line used in the delivery of*** cable television***, telephony, or broadband service***~~[headend]~~;

12. A commercial food manufacturing or processing facility in which food is manufactured, processed, or packaged, commercially, for human consumption, but not including retail food establishments, home-based processors, or home-based microprocessors as those terms are defined in KRS 217.015;

13. An animal feeding operation as defined in 40 C.F.R. sec. 122.23;~~[or]~~

14. A concentrated animal feeding operation as defined in 40 C.F.R. sec. 122.23; ***or***

15. Electrical highway infrastructure; and

(b) "Unmanned aircraft system" means an aircraft that is operated without the possibility of direct human interaction from within or on the aircraft and includes everything that is on board or otherwise attached to the aircraft and all associated elements, including communication links and the components that control the small unmanned aircraft, that are required for the safe and efficient operation of the unmanned aircraft in the national airspace system.

(2) (a) A person commits the offense of trespass upon key infrastructure assets if he or she knowingly enters or remains unlawfully in or upon real property on which key infrastructure assets are located.

(b) A person commits the offense of trespass upon key infrastructure assets if he or she knowingly uses, or retains or authorizes a person to use, an unmanned aircraft system to fly above real property on which key infrastructure assets are located with the intent to cause harm or damage to or conduct surveillance of the key infrastructure asset without the prior consent of the owner, tenant, or lessee of the real property.

(c) A person commits the offense of trespass upon key infrastructure assets if he or she knowingly, without consent of the owner or authorized representative:

1. Operates an unmanned aircraft system, video recording device, audio recording device, or photography equipment on or above property containing a key infrastructure asset referenced in subsection (1)(a)12., 13., or 14. of this section; or

2. Records or distributes, photographically, electronically, or otherwise, any part, procedure, or action of a key infrastructure asset referenced in subsection (1)(a)12., 13., or 14. of this section.

(3) Trespass upon key infrastructure assets is a Class B misdemeanor for the first offense, and a Class A misdemeanor for a second or subsequent offense.

(4) This section does not apply to:

(a) An unmanned aircraft system used by the federal government or by the Commonwealth, or by a person acting pursuant to a contract with the federal government or the Commonwealth;

(b) An unmanned aircraft system used by:

1. The owner of the real property or key infrastructure asset;

2. A person under a valid lease, servitude, right-of-way, right of use, permit, license, or other right granted by the owner of the real property or key infrastructure asset; or

3. A third party who is retained or authorized by a person specified in subparagraph 1. or 2. of this paragraph;

(c) An unmanned aircraft system used by a law enforcement agency, emergency medical service agency, hazardous material response team, disaster management agency, or other emergency management agency for the purpose of incident command, area reconnaissance, personnel and equipment deployment monitoring, training, or a related purpose;

(d) Operation of an unmanned aircraft system by a person or entity for a commercial purpose in compliance with applicable Federal Aviation Administration authorization, regulations, or exemptions;

(e) A satellite orbiting the earth;

(f) An unmanned aircraft system used by an insurance company or a person acting on behalf of an insurance company for purposes of underwriting an insurance risk or investigating damage to insured property;

(g) An unmanned aircraft system used strictly in accordance with an order of a court of competent jurisdiction;

(h) Any electric, water, or natural gas utility company or a person acting on behalf of any electric, water, or natural gas utility company for legitimate business purposes; or

(i) Any federal, state, or local government law enforcement or regulatory officer or employee while the officer or employee is engaged in the performance of his or her official duties.

➔Section 2. KRS 512.020 is amended to read as follows:

(1) A person is guilty of criminal mischief in the first degree when, having no right to do so or any reasonable ground to believe that he or she has such right, he or she intentionally or wantonly:

(a) Defaces, destroys, or damages any property causing pecuniary loss of five hundred dollars ($500) or more;

(b) ***Damages, possesses, or*** tampers with the operations of a key infrastructure asset, as defined in KRS 511.100, in a manner that renders the ***asset inoperable, in whole or in part, or renders the operation of the asset***~~[operations]~~ harmful or dangerous; or

(c) As a tenant, intentionally or wantonly defaces, destroys, or damages residential rental property causing pecuniary loss of five hundred dollars ($500) or more.

(2) Criminal mischief in the first degree is a Class D felony, unless:

(a) The offense occurs during a declared emergency as defined by KRS 39A.020 arising from a natural or man-made disaster, within the area covered by the emergency declaration, and within the area impacted by the disaster, in which case it is a Class C felony;

(b) For the first offense, if the defendant at any time prior to trial effects repair or replacement of the defaced, destroyed, or damaged property, makes complete restitution in the amount of the damage, or performs community service as required by the court, in which case it is a Class B misdemeanor. The court shall determine the number of hours of community service commensurate with the total amount of monetary damage caused by or incidental to the commission of the crime, of not less than sixty (60) hours; or

(c) For the second or subsequent offense, if the defendant at any time prior to trial effects repair or replacement of the defaced, destroyed, or damaged property, makes complete restitution in the amount of the damage, or performs community service as required by the court, in which case it is a Class A misdemeanor. The court shall determine the number of hours of community service commensurate with the total amount of monetary damage caused by or incidental to the commission of the crime, of not less than sixty (60) hours.

➔Section 3. Whereas threats to key infrastructure assets represent an ongoing danger to communities in the Commonwealth, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 19, 2025.

CHAPTER 43

(HB 263)

AN ACT relating to teacher scholarships.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 164.773 is amended to read as follows:

(1) The General Assembly hereby establishes the Student Teacher Stipend Program to reduce financial barriers to students in completing educator preparation programs and entering the educator workforce.

(2) As used in this section:

(a) "Academic term" means a fall or spring academic semester;

(b) "Approved educator preparation program" means a program approved by the Education Professional Standards Board for the preparation of teachers and other professional school personnel;

(c) "Authority" means the Kentucky Higher Education Assistance Authority;

(d) "Eligible student" means a student who:

1. Is a citizen or permanent resident of the United States;

2. Is a Kentucky resident as determined by the ***authority***~~[participating institution in accordance with criteria established by the Council on Postsecondary Education for the purposes of admission and tuition assessment]~~;

3. Is enrolled in an approved educator preparation program at a participating institution;

4. Is approved for student teaching by the participating institution;

5. ***Is student teaching at a Kentucky public school or nonpublic school certified by the Kentucky Board of Education under KRS 156.160, except as provided in subsection (7) of this section;***

6. Has not previously received a student teacher stipend under this section; and

7.~~[6.]~~ Meets any other criteria established in administrative regulation promulgated by the authority;

(e) "Participating institution" means an institution of higher education located in Kentucky that offers an approved educator preparation program and executes an agreement with the authority on terms the authority deems necessary or appropriate for the administration of the Student Teacher Stipend Program; and

(f) "Student teacher" has the same meaning as in KRS 161.010.

(3) The Kentucky Higher Education Assistance Authority shall administer the Student Teacher Stipend Program and shall promulgate administrative regulations in accordance with KRS Chapter 13A as may be needed for administration of the program.

(4) (a) Beginning with the 2024-2025 academic year, to the extent funds are available, the authority may award a student teacher stipend of up to five thousand dollars ($5,000) to an eligible student during the academic term in which the student is a student teacher.

(b) If funds are not sufficient to award stipends to all eligible students, awards shall be determined in accordance with administrative regulations promulgated by the authority.

(5) For each academic term, by the deadline established by the authority, a participating institution shall submit to the authority a report of all eligible students for that academic term. The authority shall disburse stipend funds ~~[monthly]~~to ***eligible students directly or through*** the participating institution***, in accordance with the distribution process determined by the authority***~~[to distribute to eligible students]~~.

(6) The participating institution shall notify the authority within five (5) days of the withdrawal of a previously eligible student from the program and no additional distributions shall be made to ***or on behalf of***~~[the participating institution for]~~ the student.

(7) ***The authority may establish criteria for approving a student teacher stipend for a student who is student teaching outside of Kentucky but is otherwise an eligible student under subsection (2)(d) of this section.***

(8) Funds awarded to an eligible student under this section shall not be considered student financial aid in the year the funds are received.

(9)~~[(8)]~~ By November 1, 2025, and each November 1 thereafter, the authority shall submit a report to the Legislative Research Commission for referral to the Interim Joint Committee on Education on the utilization and effectiveness of the Student Teacher Stipend Program. The Kentucky Center for Statistics shall assist in developing the report which shall include but not be limited to:

(a) The total number of eligible students and stipend recipients, and the total award amount by participating institution and program;

(b) The demographic data of stipend recipients, including but not limited to:

1. School district of high school graduation;

2. County and city of residence prior to postsecondary enrollment;

3. The participating institution in which the eligible student is enrolled while a student teacher; and

4. The school and district in which the eligible student is a student teacher; and

(c) The data correlation between stipend recipients and nonrecipients entering and remaining in the educator workforce, including but not limited to student teaching location and teaching position location.

➔Section 2. KRS 164.769 is amended to read as follows:

(1) It is the intent of the General Assembly to establish a teacher scholarship program to assist highly qualified individuals to become certified Kentucky teachers and render teaching service in Kentucky schools.

(2) For purposes of this section, the terms listed below shall have the following meanings:

(a) "Critical shortage area" means an understaffing of teachers in particular subject matters at the secondary level, in grade levels, or in geographic locations at the elementary and secondary level, as determined by the commissioner of education in consultation with the authority. The commissioner and the authority may use any source considered reliable, including but not limited to local education agencies, to identify the critical shortage areas;

(b) "Dual credit" has the same meaning as in KRS 158.007;

(c) "Eligible program of study" means an undergraduate or graduate program of study which is preparatory to teacher certification;

(d) ~~["Expected family contribution" means the amount that a student and his family are expected to contribute toward the cost of the student's education determined by applying methodology set forth in 20 U.S.C. sec. 1087 kk to 1087 vv;~~

~~(e)]~~"Participating institution" means an institution of higher education located in Kentucky which offers an eligible program of study and has in force an agreement with the authority providing for administration of this program;

(e)~~[(f)]~~ "Qualified teaching service" means teaching the major portion of each school day for at least seventy (70) days each semester in a public school of the Commonwealth or a private school certified pursuant to KRS 156.160(3), except that an individual having a disability defined by Title II of the Americans with Disabilities Act (42 U.S.C. secs. 12131 et seq.) or serious and extended illness, whose disability or illness, certified by a licensed physician, prevents that individual from teaching a major portion of each school day, shall be deemed to perform qualified teaching service by teaching the maximum time permitted by the attending physician;

(f)~~[(g)]~~ "Semester" means a period of about eighteen (18) weeks, which usually makes up one-half (1/2) of a school year or one-half (1/2) of a participating institution's academic year; and

(g)~~[(h)]~~ "Summer term" means an academic period consisting of one (1) or more sessions of instruction between a spring and a fall semester.

(3) The authority may, to the extent of appropriations and other funds available to it pursuant to subsection (9) of this section, award teacher scholarships to persons eligible under subsection (4) of this section, who initially demonstrate financial need in accordance with standards and criteria established by the authority or received

teacher scholarships pursuant to this section prior to July 1, 1996. Each teacher scholarship shall be evidenced by a promissory note that requires repayment or cancellation pursuant to subsection (6) of this section.

(4) Kentucky residents who are United States citizens and enrolled or accepted for enrollment in an eligible program of study at a participating institution shall be eligible to apply for and be awarded teacher scholarships. Teacher scholarships shall first be awarded to highly qualified eligible students who meet standards and requirements established by the Education Professional Standards Board pursuant to KRS 161.028 for admission to a teacher education program at a participating institution in pursuit of initial teacher certification. If funds are not depleted after awarding teacher scholarships to students who meet the preceding criteria, then awards shall be made to any otherwise eligible students.

(5) The authority shall establish, by administrative regulation, the maximum amount of scholarship to be awarded for each semester and summer term under this section. The amount of each scholarship to be awarded shall not exceed the applicant's total cost of education minus other financial assistance received or expected to be received by the applicant during the academic period.

(6) (a) The authority shall disburse teacher scholarships to eligible students who agree to render qualified teaching service as certified teachers, and are unconditionally admitted and enrolled in an eligible program of study.

(b) A teacher scholarship shall not be awarded or a promissory note cancellation shall not be granted to any person who is in default on any obligation to the authority under any program administered by the authority pursuant to KRS 164.740 to 164.785 until financial obligations to the authority are satisfied, except that ineligibility for this reason may be waived by the authority for cause.

(c) Recipients shall render one (1) semester of qualified teaching service for each semester or summer term of scholarship received, except that recipients who teach in a critical shortage area designated by the authority or teach dual credit coursework in a certified Kentucky high school shall render one (1) semester of qualified teaching service as repayment for two (2) semesters or summer terms of scholarships received. Upon completion of each semester of qualified teacher service, the authority shall cancel the appropriate number of promissory notes.

(d) If the recipient of a teacher scholarship fails to complete an eligible program of study at a participating institution or fails to render qualified teaching service in any semester following certification or recertification, unless the failure is temporarily waived for cause by the authority, the recipient shall immediately become liable to the authority for repayment of the sum of all outstanding promissory notes and accrued interest. Persons liable for repayment of scholarships under this paragraph shall be liable for interest accruing from the dates on which the teacher scholarships were disbursed.

(e) Recipients who have outstanding loans or scholarships under KRS 156.611, 156.613, 164.768, or 164.770 respectively, and who render qualified teaching service, shall have their notes canceled in accordance with subsection (6)(c) of this section.

(f) The authority shall establish, by administrative regulation, the terms and conditions for the award, cancellation, and repayment of teacher scholarships including, but not limited to, the selection criteria, eligibility for renewal awards, amount of scholarship payments, deferments, the rate of repayment, and the interest rate thereon.

(g) Notwithstanding any other statute to the contrary, the maximum interest rate applicable to repayment of a promissory note under this section shall be eight percent (8%) per annum, except that if a judgment is rendered to recover payment, the judgment shall bear interest at the rate of five percent (5%) greater than the rate actually charged on the promissory note.

(7) A repayment obligation imposed by this section shall not be voidable by reason of the age of the recipient at the time of receiving the teacher scholarship.

(8) Failure to meet repayment obligations imposed by this section shall be cause for the revocation of a person's teaching certificate, subject to the procedures set forth in KRS 161.120.

(9) All moneys repaid to the authority under this section shall be added to the appropriations made for purposes of this section, and the funds and unobligated appropriations shall not lapse.

(10) The authority may execute appropriate contracts and promissory notes for administering this section.

(11) Notwithstanding any other statute to the contrary, if available funds are insufficient for all requested scholarships for eligible applicants during any fiscal year, the authority shall give priority consideration to

eligible applicants who previously received teacher scholarships and, until June 30, 2018, to loan forgiveness for teachers who have outstanding loan balance eligibility for Best in Class loans issued prior to June 30, 2008. If funds are insufficient to make all requested renewal scholarships to eligible applicants, the authority shall reduce all scholarship awards to the extent necessary to provide scholarships to all qualified renewal applicants. If, after awarding all eligible renewal applicants, funds are not depleted, initial applications shall be ranked according to regulatory selection criteria, which may include ~~[expected family contribution and]~~application date, and awards shall be made to highly qualified applicants until funds are depleted.

(12) The authority shall submit a report on the number of teacher scholarships provided in each fiscal year, the program of study in which recipients are enrolled, recipient retention rates, total number of applications, and scholarship recruitment strategies to the Interim Joint Committee on Education by December 1 of each year.

➔Section 3. KRS 164.7889 is amended to read as follows:

Notwithstanding the provisions of KRS 164.7535 and 164.785 to the contrary, if sufficient funds are available, the authority shall do one (1) of the following:

(1) Promulgate an administrative regulation to increase the maximum amount available under the grant programs to each student, up to the prevailing tuition rate charged by the regional public universities for full-time enrollment in an undergraduate program, but in no event shall a student receive more than the student's cost of education less ~~[expected family contribution and]~~other anticipated student financial assistance;

(2) Promulgate an administrative regulation to increase the average income level for qualification for the grant programs; or

(3) Promulgate an administrative regulation that increases both the maximum amount available under the grant programs, and increases the average income level for qualification for the grant programs.

Signed by Governor March 19, 2025.

CHAPTER 44

(HB 193)

AN ACT relating to dual credit scholarships.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 164.786 is amended to read as follows:

(1) For purposes of this section:

(a) "Academic term" means the fall or spring academic semester;

(b) "Academic year" means July 1 through June 30 of each year;

(c) "Approved dual credit course" means a dual credit course developed in accordance with KRS 164.098 and shall include***:***

1. General education courses ***that meet the criteria outlined in the statewide general education core approved by the Council on Postsecondary Education;*** and

2. Career and technical education courses within a career pathway approved by the Kentucky Department of Education that leads to an industry-recognized credential;

(d) "Authority" means the Kentucky Higher Education Assistance Authority;

(e) "Dual credit" has the same meaning as in KRS 158.007;

(f) "Dual credit tuition rate ceiling" means one-third (1/3) of the per credit hour tuition amount***, rounded down to the nearest whole dollar,*** charged by the Kentucky Community and Technical College System for in-state students;

(g) "Eligible high school student" means a student who:

1. Is a Kentucky resident;

2. Is enrolled in a Kentucky high school~~[as a senior or junior]~~;

3. Has completed a thirty (30) minute college success counseling session; and

4. Is enrolled, or accepted for enrollment, in an approved dual credit course at a participating institution;

(h) "Participating institution" means a postsecondary institution that:

1. Has an agreement with the authority for the administration of the Dual Credit Scholarship Program;

2. Charges no more than the dual credit tuition rate ceiling per credit hour, including any additional fees, for any ***approved*** dual credit course it offers to any Kentucky public or nonpublic high school student;

3. Does not charge any tuition or fees to an eligible high school student for an approved dual credit course beyond what is paid by the Dual Credit Scholarship Program when the course is not successfully completed; and

4. Is a:

a. Kentucky Community and Technical College System institution;

b. Four (4) year Kentucky public college or university; or

c. Four (4) year private college or university that is accredited by the Southern Association of Colleges and Schools and whose main campus is located in Kentucky; and

(i) "Successfully completed" means a student receiving both secondary and postsecondary credit upon completion of an approved dual credit course.

(2) To promote dual credit coursework opportunities at no cost to eligible Kentucky high school students, the General Assembly hereby establishes the Dual Credit Scholarship Program.

(3) In consultation with the ***Council on Postsecondary Education and the Kentucky Department of*** Education~~[and Labor Cabinet]~~, the authority shall administer the Dual Credit Scholarship Program and shall promulgate administrative regulations in accordance with KRS Chapter 13A as may be needed for the administration of the program.

(4) (a) Each high school shall apply to the authority for dual credit scholarship funds for each eligible high school student.

(b) The authority may award a dual credit scholarship to an eligible high school student for an academic term ***on a first-come, first-served basis by application date,*** to the extent funds are available for that purpose~~[, except that a scholarship shall be awarded to an eligible high school senior prior to awarding an eligible high school junior]~~.

(c) An eligible high school student may receive a dual credit scholarship for a maximum of***:***

1. Two (2) ***career and technical education***~~[successfully completed]~~ dual credit courses ***per academic year; and***

2. Two (2) general education dual credit courses over the junior and senior year.

(d) The dual credit scholarship award amount shall be equal to the amount charged by a participating institution, not to exceed the dual credit tuition rate ceiling for each dual credit hour~~[, except the scholarship amount shall be reduced by fifty percent (50%) if the dual credit course is not successfully completed by the student]~~.

(e) Dual credit scholarship funds shall not be used for remedial or developmental coursework.

(5) Each participating institution shall submit information each academic term to the authority required for the administration of the scholarship as determined by the authority.

(6) ~~[Beginning August 1, 2017, and each year thereafter,]~~The authority shall provide ***an annual***~~[a]~~ report to the secretary of the Education and Labor Cabinet, the president of the Council on Postsecondary Education~~[,]~~ and the commissioner of the Kentucky Department of Education to include:

(a) The number of students, by local school district and in total, served by the Dual Credit Scholarship Program; and

(b) The number of ***general education and career and technical education*** dual credits earned by students by high school and in total.

(7) By May 31 ***of***~~[, 2019, and]~~ each year~~[thereafter]~~, the Kentucky Center for~~[Education and Workforce]~~ Statistics, in collaboration with the authority, shall publish data on the Dual Credit Scholarship Program's academic and workforce outcomes. The center shall annually provide a report on the data to the Interim Joint Committee on Education.

(8) (a) The Dual Credit Scholarship Program trust fund is hereby created as a trust fund in the State Treasury to be administered by the Kentucky Higher Education Assistance Authority for the purpose of providing scholarships described in this section.

(b) The trust fund shall consist of state general fund appropriations, gifts and grants from public and private sources, and federal funds.~~[All moneys included in the fund shall be appropriated for the purposes set forth in this section.]~~

(c) Any ***unallotted***~~[unalloted]~~ or unencumbered balances in the trust fund shall be invested as provided in KRS 42.500(9). Income earned from the investments shall be credited to the trust fund.

(d) Notwithstanding KRS 45.229, any fund balance at the close of the fiscal year shall not lapse but shall be carried forward to the next fiscal year~~[and continuously appropriated only for the purposes specified in this section]~~.

➔Section 2. KRS 164.787 is amended to read as follows:

(1) The General Assembly hereby establishes the Work Ready Kentucky Scholarship Program to ensure that all Kentuckians who have not yet earned a postsecondary degree have affordable access to an industry-recognized certificate, diploma, or associate of applied science degree and, for students with intellectual disabilities enrolled in comprehensive transition and postsecondary programs, affordable access to meaningful credentials to prepare for competitive integrated employment.

(2) For purposes of this section:

(a) "Academic term" means a fall, spring, or summer academic term or other time period specified in an administrative regulation promulgated by the authority;

(b) "Academic year" means July 1 through June 30 of each year;

(c) ~~["Approved dual credit course" means a dual credit course developed in accordance with KRS 164.098 that is a career and technical education course within a career pathway approved by the Kentucky Department of Education that leads to an industry recognized credential;~~

~~(d) "Dual credit tuition rate ceiling" means the same as defined in 164.786;~~

~~(e)~~]"Eligible institution" means an institution ***as*** defined in KRS 164.001 that:

1. Actively participates in the federal Pell Grant program;

2. Executes a contract with the authority on terms the authority deems necessary or appropriate for the administration of its programs; ***and***

3. ~~[Charges no more than the dual credit tuition rate ceiling per credit hour, including any additional fees, for any dual credit course it offers to any Kentucky public or nonpublic high school student; and~~

~~4.~~]Is a:

a. Kentucky Community and Technical College System institution;

b. Kentucky public university; or

c. College, university, or vocational-technical school that is accredited by a recognized regional or national accrediting body and licensed to operate at a site in Kentucky;

(d)~~[(f)]~~ "Eligible program of study" means a program approved by the authority that leads to an industry-recognized certificate, diploma, or associate of applied science degree in one (1) of Kentucky's top five (5) high-demand workforce sectors identified by the Kentucky Workforce Innovation Board and the

Education and Labor Cabinet or a program of study in a comprehensive transition and postsecondary program that leads to a credential, certificate, diploma, or degree;

(e) ~~[(g)]~~ "Fees" means mandatory fees charged by an eligible institution for enrollment in a course, including but not limited to online course fees, lab fees, and administrative fees. "Fees" does not include tools, books, or other instructional materials that may be required for a course; and

(f) ~~[(h)]~~ "Tuition" means the in-state tuition charged to all students as a condition of enrollment in an eligible institution.

(3) In consultation with the Education and Labor Cabinet~~[, the Kentucky Department of Education,]~~ and the Council on Postsecondary Education, the Kentucky Higher Education Assistance Authority shall administer the Work Ready Kentucky Scholarship Program and promulgate administrative regulations in accordance with KRS Chapter 13A as may be needed for the administration of the scholarship.

(4) ~~[An eligible high school student shall:~~

~~(a) Be a Kentucky resident;~~

~~(b) Be enrolled in a Kentucky high school;~~

~~(c) Be enrolled, or accepted for enrollment, in an approved dual credit course at an eligible institution; and~~

~~(d) Complete and submit a Work Ready Kentucky Scholarship dual credit application to the authority.~~

~~(5)]~~An eligible workforce student shall:

(a) Be a citizen or permanent resident of the United States;

(b) Be a Kentucky resident as determined by the eligible institution in accordance with criteria established by the Council on Postsecondary Education for the purposes of admission and tuition assessment;

(c) 1. Have earned a high school diploma or a High School Equivalency Diploma or be enrolled in a High School Equivalency Diploma program; or

2. For a student enrolled in a comprehensive transition and postsecondary program, have received an alternative high school diploma described in KRS 158.140(2)(b) or have attended a Kentucky public high school and is a student with an intellectual disability as defined in 34 C.F.R. sec. 668.231;

(d) Not have earned an associate's degree or higher level postsecondary degree;

(e) Complete the Free Application for Federal Student Aid for the academic year in which the scholarship is awarded;

(f) Complete and submit a Work Ready Kentucky Scholarship application to the authority;

(g) Enroll in an eligible program of study at an eligible institution;

(h) Not be enrolled in an ineligible degree program, such as a bachelor or unapproved associate program, at any postsecondary institution;

(i) Following the first academic term scholarship funds are received, achieve and maintain satisfactory academic progress as determined by the eligible institution; and

(j) Not be in default on any program under Title IV of the federal act or any obligation to the authority under any program administered by the authority under KRS 164.740 to 164.7891 or 164.7894, except that ineligibility for this reason may be waived by the authority for cause.

(5) ~~[(6)]~~ (a) ~~[Beginning with the 2019-2020 academic year,]~~The authority shall award a Work Ready Kentucky Scholarship each academic term to any person who meets the requirements of this section to the extent funds are available for that purpose.

(b) The scholarship amount awarded to an eligible workforce student for an academic term shall be the amount remaining after subtracting the student's federal and state grants and scholarships from the maximum scholarship amount. The maximum scholarship amount shall be the per credit hour in-state tuition rate at the Kentucky Community and Technical College System multiplied by the number of credit hours in which the student is enrolled and the fees charged to the student. The authority shall promulgate an administrative regulation in accordance with KRS Chapter 13A to specify the maximum

amount to be awarded for fees~~[, except that for the 2019-2020 academic year the amount awarded for fees shall not exceed four hundred dollars ($400).~~

~~(c) The scholarship award for an eligible high school student shall be limited to two (2) approved dual credit courses per academic year. The scholarship amount awarded shall be equal to the amount charged by an eligible institution for an approved dual credit course, in accordance with subsection (2)(e)3. of this section~~]**.**

(6)~~[(7)]~~ (a) Except as provided in paragraph (b) of this subsection, an eligible workforce student's eligibility for the scholarship shall terminate upon the earlier of:

1. Receiving the scholarship for a total of sixty (60) credit hours; or

2. Obtaining an associate's degree.

(b) For an eligible workforce student enrolled in a comprehensive transition and postsecondary program, eligibility for the scholarship shall terminate upon the earlier of completing the program or receiving the scholarship for up to nine (9) academic terms within three (3) academic years.

(7)~~[(8)]~~ The authority shall annually provide a report on the Work Ready Kentucky Scholarship Program, prepared in collaboration with the ***Kentucky Center***~~[Office]~~ for~~[Education and Workforce]~~ Statistics, to the secretary of the Education and Labor Cabinet ***and the Legislative Research Commission for referral to the Interim Joint Committee on Education*** that includes, by academic term, academic year, institution, and workforce sector, the number of:

(a) Students served by the scholarship and the total amount disbursed;

(b) Credits, certificates, diplomas, and associate of applied science degrees earned by students receiving the scholarship; and

(c) Students receiving the scholarship who are enrolled in a comprehensive transition and postsecondary program and credentials earned by those students.

(8)~~[(9)]~~ The authority shall report Work Ready Kentucky Scholarship program data to the ***Kentucky Center***~~[Office]~~ for~~[Education and Workforce]~~ Statistics for analysis of the program's success in meeting the goal of increasing skilled workforce participation rates.

(9)~~[(10)]~~ (a) The Work Ready Kentucky Scholarship fund is hereby created as a trust fund in the State Treasury to be administered by the authority for the purpose of providing scholarships as described in this section.

(b) The trust fund shall consist of state general fund appropriations, gifts and grants from public and private sources, and federal funds.~~[All moneys included in the fund shall be appropriated for the purposes set forth in this section.]~~

(c) Any unallotted or unencumbered balances in the trust fund shall be invested as provided in KRS 42.500(9). Income earned from the investments shall be credited to the trust fund.

(d) Notwithstanding KRS 45.229, any fund balance at the close of the fiscal year shall not lapse but shall be carried forward to the next fiscal year~~[and continuously appropriated only for the purposes specified in this section]~~.

Signed by Governor March 19, 2025.

CHAPTER 45

(HB 455)

AN ACT relating to elections.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 15 IS CREATED TO READ AS FOLLOWS:

(1) There is hereby established a Unit of Election Investigations and Security within the Office of the Attorney General, which shall enforce state election laws in accordance with KRS 15.243 and:

(a) Receive complaints from election officials or any other person alleging a violation of the state election law;

(b) Review notices and reports of an alleged violation of the state election law and conduct investigations of any incidents that it determines require further investigation;

(c) Initiate independent inquiries or conduct preliminary investigations into any alleged violation of the state election law in any jurisdiction of this state that it determines requires investigation;

(d) Employ investigators to conduct any investigations;

(e) Oversee the voter fraud hotline; and

(f) For purposes of investigation, have the authority to receive sworn statements and issue subpoenas to compel the production of records and other documents.

(2) If the unit determines there may be a violation of any criminal law or state election law, it shall inform the Attorney General or refer the findings of its investigation to the appropriate Commonwealth's or county attorney for further investigation or prosecution.

(3) The unit shall submit a report by July 1 of each year to the Legislative Research Commission, which provides detailed information on investigations of alleged violations of the state election laws during the prior calendar year and includes:

(a) The total number of complaints received, independent investigations initiated, and complaints referred to another agency for further investigation or prosecution; and

(b) For each alleged violation investigated:

1. The law allegedly violated and the nature of the violation reported;

2. The county in which the alleged violation occurred;

3. Whether the alleged violation was referred to another agency and, if so, to which agency; and

4. The current status of the investigation or resulting criminal case, unless the investigation is open.

(4) All reports of alleged election law violations made by election officials or any other person to the Secretary of State or the State Board of Elections shall be forwarded to the Unit of Election Investigations and Security.

(5) This section shall not be construed to limit or restrict the jurisdiction of any other office or agency of the state empowered by law to investigate, act upon, or dispose of alleged state election law violations.

Signed by Governor March 19, 2025.

CHAPTER 46

(HB 303)

AN ACT relating to military healthcare personnel.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Institution" means any college or university that is a part of the postsecondary education system as defined in KRS 164.001 or a private accredited college or university;

(b) "Military healthcare personnel" means an individual who has received formal training and practical experience in healthcare disciplines during his or her military service, including providing emergency medical care, preventive healthcare, and specialized medical services; and

(c) "Professional licensure board" has the same meaning as in KRS 211.332.

(2) (a) Any institution may develop academic career pathways and integrated academic bridge programs for military healthcare personnel that are designed to enable current and former military healthcare personnel to achieve reduced time-to-credential outcomes. These pathways and integrated academic bridge programs shall integrate military academic and experiential learning to accelerate the transition from military to civilian healthcare credentialing based on developed military-to-civilian occupational crosswalks for, at a minimum, the following occupations:

1. Infantryman;

2. Hospital Corpsman;

3. Biomedical Equipment Specialist;

4. Orthopedic Specialist;

5. Practical Nursing Specialist;

6. Operating Room Specialist;

7. Dental Specialist;

8. Physical Therapy Specialist;

9. Patient Administration Specialist;

10. Optical Laboratory Specialist;

11. Medical Logistics Specialist;

12. Medical Laboratory Specialist;

13. Occupational Therapist Specialist;

14. Nutrition Care Specialist;

15. Cardiovascular Specialist;

16. Radiology Specialist;

17. Pharmacy Specialist;

18. Veterinarian Food Inspection Specialist;

19. Preventive Medicine Specialist;

20. Animal Care Specialist;

21. Ear, Nose, and Throat (ENT) Specialist;

22. Respiratory Specialist;

23. Combat Medic Specialist;

24. Behavioral Health Specialist;

25. Eye Specialist;

26. Independent Duty Medical Technician; and

27. Aerospace Medical Technician.

(b) Any military healthcare personnel academic career pathways and integrated academic bridge programs shall be fully compatible with the Department of Defense SkillBridge Program.

(c) Any participating institution shall review military healthcare personnel related healthcare programs in relationship to realistic earning potential and employability of the institution graduates and submit a written report to the Legislative Research Commission for referral to the Interim Joint Committee

on Veterans, Military Affairs, and Public Protection no later than September 1 of each year. The report shall include:

1. The minimum number of months or years required to complete the healthcare program and the average number of months or years military healthcare personnel graduates of each healthcare program were enrolled;

2. The graduation rate of each healthcare program and the military healthcare personnel graduation rate;

3. The employment rate of military healthcare personnel graduates of each healthcare program within twelve (12) months of graduation; and

4. A summary of all new actions taken by the institution during the reporting year to increase military healthcare personnel participation and to reduce transitional barriers to healthcare professionals.

(3) Any participating institution, in collaboration with the United States Department of Labor, Kentucky veterans' organizations, the Kentucky Department of Veterans' Affairs, the Kentucky Department of Military Affairs, and any other public or private entities, including state-based entities transitioning military personnel to Kentucky-based employment, shall use healthcare and military recruiters, as well as other dedicated resources, to advocate, facilitate, and promote the recruitment and enrollment of military healthcare personnel into military healthcare academic and career pathways.

(4) Each professional licensure board shall collaborate with participating institutions to integrate the academic career pathways and integrated academic bridge programs for military healthcare personnel into their licensure requirements.

Signed by Governor March 19, 2025.

CHAPTER 47

(HJR 34)

A JOINT RESOLUTION relating to contingent appropriations.

WHEREAS, it is the responsibility of the General Assembly to monitor the spending of state funds for the good of the Commonwealth; and

WHEREAS, with that responsibility in mind, certain appropriations were contingent upon specific duties being fulfilled by the Kentucky Community and Technical College System, in collaboration with the Council on Postsecondary Education; and

WHEREAS, the General Assembly recognizes the need to improve and advance the existing Kentucky Community and Technical College System; and

WHEREAS, 2024 Ky. Acts ch. 175, Part I, J., 11., (8) requires the Kentucky Community and Technical College System, in collaboration with the Council on Postsecondary Education, to submit a proposal for approval by the General Assembly that analyzes certain recommendations; and

WHEREAS, that proposal has been submitted;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. The General Assembly of the Commonwealth of Kentucky hereby approves and authorizes the Office of State Budget Director to release capital construction funds to improve and advance the existing Kentucky Community and Technical College System, in collaboration with the Council on Postsecondary Education, in accordance with 2024 Ky. Acts ch. 175, Part I, J., 11., (8).

Signed by Governor March 19, 2025.

CHAPTER 48

(HJR 31)

A JOINT RESOLUTION relating to contingent appropriations.

WHEREAS, it is the responsibility of the General Assembly to monitor the spending of state funds for the good of the Commonwealth; and

WHEREAS, with that responsibility in mind, certain appropriations were contingent upon specific duties being fulfilled by the receiving agency; and

WHEREAS, 2024 Ky. Acts ch. 223, sec. 64 requires the Department of Agriculture to submit a proposal to the Interim Joint Committee on Appropriations and Revenue by December 1, 2024; and

WHEREAS, the Department of Agriculture has submitted that proposal;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. The General Assembly of the Commonwealth of Kentucky hereby approves and authorizes the Office of State Budget Director to release General Fund moneys from the Budget Reserve Trust Fund Account established in KRS 48.705 in the amount of $5,000,000 in fiscal year 2025-2026 to the Department of Agriculture budget unit to support economic development initiatives within the agriculture industry as appropriated by 2024 Ky. Acts ch. 223, sec. 64.

Signed by Governor March 19, 2025.

CHAPTER 49

(HB 537)

AN ACT relating to the opioid abatement trust fund.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 15.293 is amended to read as follows:

(1) As used in this section, "commission" means the Kentucky Opioid Abatement Advisory Commission created in KRS 15.291.

(2) There is hereby established in the State Treasury a trust and agency account to be known as the opioid abatement trust fund. Moneys in the fund ***shall be*** ~~[are hereby appropriated for the purposes set forth in KRS 15.291,]~~ distributed as described in subsection (3) of this section ***unless inconsistent with an order of a court of competent jurisdiction in connection with any settlement, judgment, or bankruptcy proceeding for the purposes set forth in Section 2 of this Act*** ~~[, and shall not be appropriated or transferred by the General Assembly for any other purposes]~~.

(3) The fund shall consist of:

(a) Fifty percent (50%) of all proceeds received by the Commonwealth, counties, consolidated local governments, urban-county governments, and cities of the Commonwealth in any settlement~~[, or]~~ judgment***,*** or bankruptcy proceeding against ***any entity or person engaged in the manufacturing or distribution of opioids to the extent included in a settlement agreement*** ~~[McKesson Corporation, Cardinal Health 5, LLC, Amerisourcebergen Drug Corporation, Johnson & Johnson, and any named defendant in In re National Prescription Opiate Litigation, MDL No. 2804, Case No. 1:17 md 02804, in the United States District Court for the Northern District of Ohio, and any of their affiliates or subsidiaries related to opioid manufacturing or distribution to the extent included in a settlement agreement]~~; and

(b) Any other moneys received from state appropriations, gifts, grants,~~[or]~~ federal funds***, or any other source not prohibited by law***.

(4) (a) The fund shall not consist of the remaining fifty percent (50%) of all proceeds received by the Commonwealth, counties, consolidated local governments, urban-county governments, and cities of the Commonwealth in any settlement,~~[or]~~ judgment***,*** or bankruptcy proceeding against ***any entity or person engaged in the manufacturing or distribution of opioids to the extent that it is not inconsistent with an order of a court of competent jurisdiction***~~[McKesson Corporation, Cardinal Health 5, LLC, Amerisourcebergen Drug Corporation, Johnson & Johnson, and any named defendant in In re National Prescription Opiate Litigation, MDL No. 2804, Case No. 1:17 md 02804, in the United States District Court for the Northern District of Ohio, and any of their affiliates or subsidiaries related to opioid manufacturing or distribution to the extent included in a settlement agreement]~~.

(b) The remaining fifty percent (50%) of all proceeds not included in the fund shall be paid to counties, consolidated local governments, urban-county governments, and cities of the Commonwealth in accordance with the negotiation class distribution metrics established in In re National Prescription Opiate Litigation, MDL No. 2804, Case No. 1:17-md-02804, in the United States District Court for the Northern District of Ohio ***unless precluded by order of a court of competent jurisdiction in connection with any settlement, judgment, or bankruptcy proceeding***. To the extent that the negotiation class distribution metrics would result in a city receiving a sum total of less than thirty thousand dollars ($30,000) in any individual settlement, judgment, or bankruptcy proceeding, such payments shall be made to the county, consolidated local government, or urban-county government in which that city sits.

(c) 1. Each recipient of moneys from the fund shall submit on an annual basis a certification that the funds were used consistent with the criteria in KRS 15.291(5), a description of the use of ***the***~~[such]~~ funds, and ***any***~~[such]~~ other information as the commission requests through administrative ***regulations promulgated in accordance with KRS Chapter 13A***~~[regulation]~~.

2. a. Each county, consolidated local government, urban-county government, or city of the Commonwealth that receives any proceeds under paragraph (b) of this subsection shall submit~~[,]~~ on an annual basis a certification that the funds were used consistent with the criteria in KRS 15.291(5), a list of fund recipients and amounts, a description of the use of the funds, and any other information as the commission requests through the promulgation of an administrative regulation.

b. If a trustee is appointed under paragraph (b) of this subsection, the certifications shall be sent to the trustee, and the trustee will compile and submit one (1) report to the commission.

c. If a trustee is not appointed, the certifications shall be submitted to the commission as provided by administrative regulation.

d. Funds shall be withheld from any county, consolidated local government, urban-county government, or city of the Commonwealth that does not comply with this paragraph until such time as compliance is achieved.

(d) To the extent that a settlement has been reached in any litigation against ***any entity or person engaged in the manufacturing or distribution of opioids as provided***~~[the companies listed]~~ in paragraph (a) of this subsection, each county, consolidated local government, urban-county government, city, political subdivision, and public agency, as that term is defined in KRS 61.805(2), of the Commonwealth shall be deemed to have released its claims against the ***person or entity***~~[companies listed in paragraph (a) of this subsection]~~ and ***its***~~[their]~~ affiliates and subsidiaries to the extent referenced in a settlement agreement, consent judgment, order, or other document that reflects the terms of any settlement.

(5) Amounts deposited in the fund shall be used only for the purposes described in KRS 15.291.

(6) Notwithstanding KRS 45.229, moneys in the fund not expended at the close of a fiscal year shall not lapse but shall be carried forward into the next fiscal year.

(7) Any interest earnings of the fund shall become a part of the fund and shall not lapse.

(8) Moneys in the fund shall be distributed no less than annually.

(9) (a) The Department of Law may recover its reasonable costs of litigation from the moneys received under subsection (3)(a) of this section.

(b) The Department of Law may recover any direct costs, including employee time, used to perform or administer the duties required by this section and KRS 15.291 from the moneys received under subsection (3)(a) of this section. The Department of Law shall report all such recovered costs to the commission no less than annually.

(10) The commission shall continue to make distributions from the fund as long as defendants in the opioid litigation make payments to the Commonwealth or until the time that the moneys in the fund are exhausted.

(11) In the event an order of a court of competent jurisdiction precludes distribution of the funds related to any settlement, judgment, or distribution in bankruptcy pursuant to subsections (3) and (4) of this section, the Attorney General shall promulgate administrative regulations in accordance with KRS Chapter 13A prescribing the mechanism for the distribution of the funds in a manner that complies with the order of the court and effectuates the intent of this section to the maximum extent possible.

➔Section 2. KRS 15.291 is amended to read as follows:

(1) There is hereby established the Kentucky Opioid Abatement Advisory Commission. The commission shall be attached to the Department of Law for administrative purposes.

(2) (a) The commission shall consist of the following voting members:

1. The Attorney General or his or her designee, who shall act as chair;
2. The State Treasurer or his or her designee;
3. The secretary of the Cabinet for Health and Family Services or his or her designee;
4. One (1) member appointed by the University of Kentucky from the HEALing Communities Study Team;
5. One (1) member appointed by the Attorney General representing victims of the opioid crisis;
6. One (1) member appointed by the Attorney General representing the drug treatment and prevention community;
7. One (1) member appointed by the Attorney General representing law enforcement; and
8. Two (2) citizens at large appointed by the Attorney General.

(b) The commission shall consist of the following nonvoting members who shall serve at the pleasure of their appointing authority:

1. One (1) member appointed by the Speaker of the House of Representatives; and
2. One (1) member appointed by the President of the Senate.

(3) (a) Members of the commission appointed under subsection (2)(a)1. to 3. of this section shall serve terms concurrent with holding their respective offices or positions.

(b) The remaining members of the commission shall serve staggered two (2) year terms as follows:

1. Members of the commission appointed under subsection (2)(a)4. to 6. of this section shall serve an initial term of two (2) years; and
2. Members of the commission appointed under subsection (2)(a)7. to 8. of this section shall serve an initial term of one (1) year.

(c) Members of the commission shall not receive compensation for their services but may be reimbursed for necessary travel and lodging expenses incurred in the performance of their duties.

(4) (a) Meetings of the commission shall be conducted according to KRS 61.800 to 61.850.

(b) The commission shall meet at least twice within each calendar year.

(c) Five (5) voting members of the commission shall constitute a quorum for the transaction of business.

(d) Each member of the commission shall have one (1) vote, with all actions being taken by an affirmative vote of the majority of members present.

(5) The commission shall award moneys from the opioid abatement trust fund established in KRS 15.293 to reimburse prior expenses or to fund projects according to the following criteria related to opioid use disorder (OUD) or any co-occurring substance use disorder or mental health (SUD/MH) issues:

(a) Reimbursement for:

1. Any portion of the cost related to outpatient and residential treatment services, including:

a. Services provided to incarcerated individuals;

b. Medication-assisted treatment;

c. Abstinence-based treatment; and

d. Treatment, recovery, or other services provided by community health centers or not-for-profit providers;

2. Emergency response services provided by law enforcement or first responders; or

3. Any portion of the cost of administering an opioid antagonist as defined in KRS 217.186; or

(b) Provide funding for any project which:

1. Supports intervention, treatment, and recovery services provided to persons:

a. With OUD or co-occurring SUD/MH issues; or

b. Who have experienced an opioid overdose;

2. Supports detoxification services, including:

a. Medical detoxification;

b. Referral to treatment; or

c. Connections to other services;

3. Provides access to opioid-abatement-related housing, including:

a. Supportive housing; or

b. Recovery housing;

4. Provides or supports transportation to treatment or recovery programs or services;

5. Provides employment training or educational services for persons in treatment or recovery;

6. Creates or supports centralized call centers that provide information and connections to appropriate services;

7. Supports crisis stabilization centers that serve as an alternative to hospital emergency departments for persons with OUD and any co-occurring SUD/MH issues or persons that have experienced an opioid overdose;

8. Improves oversight of opioid treatment programs to ensure evidence-based and evidence-informed practices;

9. Provides scholarships and support for certified addiction counselors and other mental and behavioral health providers, including:

a. Training scholarships;

b. Fellowships;

c. Loan repayment programs; or

d. Incentives for providers to work in rural or underserved areas of the Commonwealth;

10. Provides training on medication-assisted treatment for health care providers, students, or other supporting professionals;

11. Supports efforts to prevent over-prescribing and ensures appropriate prescribing and dispensing of opioids;

12. Supports enhancements or improvements consistent with state law for prescription drug monitoring programs;

13. Supports the education of law enforcement or other first responders regarding appropriate practices and precautions when dealing with opioids or individuals with OUD or co-occurring SUD/MH issues;

14. Supports opioid-related emergency response services provided by law enforcement or first responders;

15. Treats mental health trauma issues resulting from the traumatic experiences of opioid users or their family members;

16. Engages nonprofits, the faith community, and community coalitions to support prevention and treatment, and to support family members in their efforts to care for opioid users in their family;

17. Provides recovery services, support, and prevention services for women who are pregnant, may become pregnant, or who are parenting with OUD or co-occurring SUD/MH issues;

18. Trains healthcare providers that work with pregnant or parenting women on best practices for compliances with federal requirements that children born with Neonatal Abstinence Syndrome get referred to appropriate services and receive a plan of care;

19. Addresses Neonatal Abstinence Syndrome, including prevention, education, and treatment of OUD and any co-occurring SUD/MH issues;

20. Offers home-based wrap-around services to persons with OUD and any co-occurring SUD/MH issues, including parent-skills training;

21. Supports positions and services, including supportive housing and other residential services relating to children being removed from the home or placed in foster care due to custodial opioid use;

22. Provides public education about opioids or opioid disposal;

23. Provides drug take-back disposal or destruction programs;

24. Covers the cost of administering an opioid antagonist as defined in KRS 217.186;

25. Supports pre-trial services that connect individuals with OUD and any co-occurring SUD/MH issues to evidence-informed treatment and related services;

26. Supports treatment and recovery courts for persons with OUD and any co-occurring SUD/MH issues, but only if they provide referrals to evidence-informed treatment;

27. Provides evidence-informed treatment, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH issues who are incarcerated, leaving jail or prison, have recently left jail or prison, are on probation or parole, are under community corrections supervision, or are in re-entry programs or facilities;

28. Meets the criteria included in any settlement agreement***,***~~[or]~~ judgment***, or bankruptcy order as provided***~~[between the parties listed]~~ in KRS 15.293(3)(a); or

29. Any other project deemed appropriate for opioid-abatement purposes by the commission.

(6) The commission may identify additional duties or responsibilities, including:

(a) Reporting on projects and programs related to addressing the opioid epidemic;

(b) Developing priorities, goals, and recommendations for spending on the projects and programs;

(c) Working with state agencies or outside entities to develop measures for projects and programs that address substance use disorders; or

(d) Making recommendations for policy changes on a state or local level, including statutory law and administrative regulations.

(7) The commission shall:

(a) Create and maintain a ***website***~~[Web site]~~ on which it shall publish its minutes, attendance rolls, funding awards, and reports of funding by recipients; and

(b) Promulgate administrative regulations to implement this section. The commission may promulgate emergency administrative regulations to take effect immediately so that funds may be distributed more quickly and efficiently to combat the opioid epidemic.

Signed by Governor March 24, 2025.

CHAPTER 50

(HB 701)

AN ACT relating to blockchain digital assets.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 369 IS CREATED TO READ AS FOLLOWS:

As used in Sections 1 to 3 of this Act:

(1) "Blockchain" means data that is:

(a) Shared across a peer-to-peer network to create a ledger of verified transactions or information among linked network participants using cryptography to:

1. Maintain the integrity of the ledger; or

2. Execute other functions; and

(b) Distributed in a concurrent, automated update to network participants on the state of the ledger and any other functions;

(2) "Blockchain network" means a technical infrastructure that provides ledger and smart contract services to applications;

(3) "Blockchain protocol" means any executable software:

(a) Deployed to a blockchain, including an additional standardized set of rules that:

1. Uses an existing blockchain as a base;

2. Facilitates the transfer of data and electronic records;

3. Allows that data to be broadcast to nodes; and

4. Is governed by a set of predefined rules which execute autonomously without human intervention and can be altered by a predetermined mechanism; and

(b) Composed of a source code that is publicly available and accessible, including a smart contract or any network of smart contracts;

(4) "Cryptocurrency" has the same meaning as in KRS 139.516;

(5) "Cryptography" means the practice of coding information to ensure only the person that a message was written for can read and process that information;

(6) "Digital asset" means:

(a) Virtual currency;

(b) Cryptocurrency; and

(c) Natively electronic assets, including stablecoins, fungible tokens, and nonfungible tokens;

that confer economic, proprietary, or access rights or powers;

(7) "Hardware wallet" means a physical device that:

(a) Stores private keys offline;

(b) Provides a way to sign transactions and interact with the blockchain; and

(c) Allows the owner to retain independent control over the digital asset contained therein;

(8) "Natively electronic asset" means a purely digital asset that exists only on the blockchain network;

(9) "Node" means a computer which:

(a) Uses software to:

1. Communicate with other devices or participants on a blockchain to maintain consensus and integrity of that blockchain;

2. Create and validate transaction blocks; or

3. Contain and update a copy of a blockchain; and

(b) Does not exercise discretion over transactions initiated by the end users of the blockchain protocol;

(10) "Nonfungible token" means a digital asset on a blockchain that:

(a) Has unique identification codes and metadata that are recorded;

(b) Has been tokenized and cannot be replicated;

(c) Is used to certify ownership and authenticity; and

(d) Represents digital or physical items including artwork or real estate;

(11) "Private key" means the access to manage digital assets at a specific internet address and may be used for encryption and digital signature;

(12) "Self-hosted wallet" means a digital interface that can:

(a) Secure and transfer digital assets; and

(b) Allow its owner to retain independent control of the secured digital assets and private keys;

(13) "Smart contract" has the same meaning as in KRS 42.747;

(14) "Stablecoin" means a digital asset that is:

(a) Issued by a corporation;

(b) Backed by cash or high-quality liquid assets; and

(c) Redeemable on demand by the holder at par for a fixed monetary value in equivalent United States dollars;

(15) "Staking" means using a node to commit digital assets to a blockchain network to:

(a) Validate transactions;

(b) Propose and attest to blocks contained in the blockchain; and

(c) Secure the network;

(16) (a) "Staking as a service" means the provision of technical staking services by a service provider on behalf of an individual or business that owns the digital assets being staked.

(b) "Staking as a service" includes the operation of nodes and the associated infrastructure necessary to facilitate participation in blockchain protocols' consensus mechanisms;

(17) "Third-party wallet" means a wallet that is hosted and controlled by a party other than the owner which contains the private keys for the owner of digital assets; and

(18) "Wallet" means a digital interface or a physical device which holds digital assets or private keys, and may include a:

(a) Hardware wallet;

(b) Self-hosted wallet; and

(c) Third-party wallet.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 369 IS CREATED TO READ AS FOLLOWS:

(1) An individual shall not be prohibited from:

(a) Accepting digital assets for payment for legal goods or services; or

(b) The use of a wallet.

(2) Digital assets used as a method of payment shall not be subject to additional taxes, withholdings, assessments, or charges that are based solely on the use of the digital asset as the method of payment.

(3) This section shall not:

(a) Prohibit the imposition or collection of taxes, withholdings, assessments, or charges on digital assets used as the method of payment when the same imposition and collections of taxes, withholdings, assessments, or charges are made on similar transactions which use the legal tender of the United States as the method of payment; or

(b) Require any person to accept digital assets for payment for legal goods or services.

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 369 IS CREATED TO READ AS FOLLOWS:

(1) The operation of a node shall be allowed to:

(a) Connect to a blockchain protocol and participate in the blockchain protocol's operations;

(b) Transfer digital assets on a blockchain protocol; or

(c) Participate in staking on a blockchain protocol.

(2) The Attorney General may initiate any action under KRS 367.110 to 367.300 relating to the offering or providing staking as a service to individuals or other businesses.

(3) A person:

(a) Operating a node or series of nodes on a blockchain network; or

(b) Providing staking as a service;

shall have no liability for a specific transaction if the person only validates the transaction.

➔Section 4. KRS 286.11-007 is amended to read as follows:

This subtitle does not apply to:

(1) The United States or any department, agency, or instrumentality thereof;

(2) The United States Post Office or a contractor acting on behalf of the United States Post Office;

(3) A state or any agency, department, or political subdivision of a state;

(4) A financial institution or its subsidiaries, affiliates, and service corporations, or any office of an international banking corporation, branch of a foreign bank, or corporation organized pursuant to the Bank Service Corporation Act, 12 U.S.C. secs. 181 to 1867, or a corporation organized under the Edge Act, 12 U.S.C. secs. 611 to 633;

(5) A service provider that:

(a) Pursuant to a written agreement, acts on behalf of an entity exempt from licensure as set forth in subsection (4) of this section; and

(b) Allows the state or federal regulators with regulatory jurisdiction over the exempt entity to examine and inspect the service provider's applicable records, books, and transactions;

(6) A service provider that receives money or monetary value on behalf of an entity selling goods or services other than money transmission services if:

(a) The entity, upon receipt of funds by the service provider, immediately either:

1. Provides the purchased goods or services to the purchaser; or

2. Credits the purchaser for the full amount of money or monetary value received by the service provider, which credit is not revocable by the entity, and evidences this credit in writing; and

(b) The entity is obligated to provide the purchased goods or services to the purchaser regardless of whether or not the service provider transmits the money or monetary value to the entity;~~[or]~~

(7) The provision of electronic transfer of government benefits for any federal, state, or county governmental agency as defined in Federal Reserve Board Regulation E, by a contractor for and on behalf of the United States or any department, agency, or instrumentality thereof, or any state or any political subdivisions thereof***; or***

(8) (a) Any individual or business that:

1. Develops or deploys software on a blockchain protocol, even if the software effectuates the exchange of one digital asset for another digital asset;

2. Exchanges digital assets for other digital assets; or

3. Operates a node or series of nodes on a blockchain protocol.

(b) As used in this subsection, "blockchain protocol," "digital asset," and "node" have the same meaning as in Section 1 of this Act.

➔Section 5. KRS 292.340 is amended to read as follows:

(1) It is unlawful for any person to offer or sell any security in this state, unless the security is registered under this chapter, or the security or transaction is exempt under this chapter, or the security is a covered security.

(2) (a) A business that offers to provide staking as a service to any person shall not be deemed to be offering or selling a security under this chapter.

(b) As used in this subsection, "staking as a service" has the same meaning as in Section 1 of this Act.

Signed by Governor March 24, 2025.

CHAPTER 51

(SB 179)

AN ACT relating to nuclear energy development, making an appropriation therefor, and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

(1) The Kentucky Nuclear Energy Development Authority established in Section 2 of this Act shall create and implement the Nuclear Energy Development Grant Program for the advancement and location of nuclear energy-related projects to support the entire nuclear energy ecosystem in the Commonwealth, including utility and private sector economic development activities. The nuclear energy ecosystem includes but is not limited to:

(a) The nuclear fuel cycle, which includes fuel conversion, enrichment, and fabrication, as well as potential future spent fuel recycling and reprocessing;

(b) Reactor design and component manufacturing;

(c) Component supply chain manufacturing and distribution;

(d) Facility siting and development;

(e) Radioisotope production;

(f) Facility operation and maintenance;

(g) Decommissioning waste storage, transport, and management; and

(h) End uses of nuclear energy and co-products.

(2) The membership of the Kentucky Nuclear Energy Development Authority shall select five (5) of its voting members to serve on the nuclear energy development grant administration subcommittee. A majority of the members of the grant administration subcommittee shall constitute a quorum for the purposes of doing business. The subcommittee shall:

(a) Create grant applications;

(b) Establish grant applicant eligibility requirements;

(c) Establish objective scoring criteria to evaluate grant applications, including but not limited to:

1. The likelihood that the proposed project funded by the grant will precipitate further investment in the nuclear energy ecosystem;

2. The economic impact of the grant funding on the community and region where the proposed project will be located;

3. The readiness of the community where the proposed project will be located to host nuclear-related investments, including whether the community has been awarded a nuclear-ready community designation under KRS 164.2804; and

4. The amount of additional investment that would be made in the proposed project by the grant applicant and other sources; and

(d) Make determinations on grant eligibility and funding and make grant awards based on those determinations, not to exceed two million dollars ($2,000,000) per individual grant.

➔Section 2. KRS 164.2802 is amended to read as follows:

(1) The Kentucky Nuclear Energy Development Authority is hereby established and attached to the University of Kentucky Center for Applied Energy Research for administrative purposes. The mission of the Kentucky Nuclear Energy Development Authority shall be to:

(a) Serve as the nonregulatory, trusted state government agency on nuclear energy issues and development in the Commonwealth; and

(b) Support and facilitate the development of the nuclear energy ecosystem across the Commonwealth in a collaborative manner that:

1. Enhances the Commonwealth's economy;

2. Offers energy production and economic development opportunities that are safe;

3. Protects the environment across the Commonwealth;

4. Supports community voices, especially in underrepresented or historically impacted areas;

5. Increases energy education; and

6. Prepares a future workforce.

(2) The Kentucky Nuclear Energy Development Authority shall be governed by an advisory board consisting of the following twenty-two (22) voting members and eight (8) nonvoting members:

(a) Seven (7) state government members or their designees who shall be voting members:

1. The director of the University of Kentucky Center for Applied Energy Research, who shall serve as chair;

2. The secretary of the Energy and Environment Cabinet;

3. The secretary of the Cabinet for Economic Development;

4. The chair of the Public Service Commission;

5. The president of the Council on Postsecondary Education;

6. The secretary of the Education and Labor Cabinet; and

7. The director of the Division of Emergency Management;

(b) Fifteen (15) at-large members who shall be voting members:

1. A representative from each of the four (4) investor-owned electric utilities operating in the Commonwealth, designated by the president of each investor-owned electric utility, unless two (2) or more of the investor-owned electric utilities are operated under common ownership, in which case only one (1) representative shall be designated for the commonly owned utilities;

2. Three (3) representatives of electric cooperatives designated by the chief operating officer of the Kentucky Association of Electric Cooperatives, as follows:

   a. One (1) of whom shall represent distribution cooperatives; and

   b. Two (2) of whom shall represent each of the generation and transmission electric cooperatives operating in the Commonwealth, unless they are operated under common ownership, in which case only one (1) representative shall be designated for the commonly owned generation and transmission electric cooperatives;

3. A representative of the Tennessee Valley Authority, designated by its chief nuclear officer;

4. A representative of municipal utilities, designated by the executive director of the Kentucky League of Cities;

5. A representative of nuclear site remediation services, designated by the director of business services for the Four Rivers Nuclear Partnership or by another organization that provides nuclear site remediation services;

6. A representative for environmental interests, designated by the executive director of the Kentucky Conservation Committee;

7. A representative of manufacturers, designated by the president of the Kentucky Association of Manufacturers;

8. A representative for commercial interests, designated by the president of the Kentucky Chamber of Commerce;

9. A mayor of a city, designated by the executive director of the Kentucky League of Cities, who lives in an "energy community" as that term is used in the Inflation Reduction Act of 2022, Pub. L. No. 117-169, and as it is defined in the latest guidance by the Internal Revenue Service; and

10. A county judge/executive, designated by the executive director of the Kentucky Association of Counties, who lives in an "energy community" as that term is used in the Inflation Reduction Act of 2022, Pub. L. No. 117-169, and as it is defined in the latest guidance by the Internal Revenue Service; and

(c) Eight (8) nonvoting members:

1. The president of the Nuclear Energy Institute, or designee;

2. A representative from a national nuclear educational nonprofit organization, designated by the chair and confirmed by a majority of the voting members;

3. A representative from a United States Department of Energy National Laboratory with expertise in nuclear energy policy issues, designated by the chair and confirmed by a majority of the voting members;

4. A representative from a nongovernmental nuclear policy advocacy organization, designated by the chair and confirmed by a majority of the voting members;

5. Two (2) members of the Senate, who shall serve as ex officio members, designated by the President of the Senate; and

6. Two (2) members of the House of Representatives, who shall serve as ex officio members, designated by the Speaker of the House of Representatives.

(3) State government members named in subsection (2)(a) of this section and members of the General Assembly named in subsection (2)(c)5. and 6. of this section shall serve on the advisory board during the terms of their appointed or elected state government positions. After the initial appointments, all other members of the advisory board shall serve terms of four (4) years. Members shall be eligible to succeed themselves and shall serve until their successors are appointed. A vacancy occurring during the term of any member shall be filled in the same manner as the original appointment.

(4) A majority of the voting members of the advisory board shall constitute a quorum for the purposes of conducting business. The advisory board shall meet at least quarterly, or more often at the call of the chair.

(5) Members of the advisory board shall not be paid for their service as board members, and they shall not be reimbursed for any expenses relating to their attendance of board meetings.

(6) The advisory board shall hire a director of the authority who shall possess the skills and experience necessary to lead the authority effectively, promote the safe and responsible development of nuclear energy, ***publicize and encourage application to the Nuclear Energy Development Grant Program established in Section 1 of this Act,*** and achieve the authority's purposes described in subsection (7) of this section.

(7) The purposes of the authority shall be to:

(a) Assist interested communities in understanding advanced nuclear opportunities, including the importance of secure, firm, cost-competitive power for customers and for economic development opportunities, as well as the potential for direct and indirect economic benefits associated with the employment and tax revenue generated from nuclear energy projects;

(b) Provide information to the public on the history of nuclear energy technologies in the Commonwealth, the status of existing nuclear energy projects within the Commonwealth, and the potential benefits and concerns associated with nuclear energy technologies;

(c) Develop the capacity for nuclear energy economic development in the Commonwealth, which shall include providing information to educational institutions on the types of career opportunities that will be available with the development of nuclear energy, building strong relationships with economic development professionals, promoting existing economic development incentives applicable to nuclear energy development, and seeking out new grants and other financial support for nuclear energy development;

(d) Seek greater clarity and certainty with stakeholders on financial support for early nuclear site permitting, the process for obtaining a nuclear power facility certificate of public convenience and necessity, and the recovery of construction work in progress for nuclear energy projects;

(e) Work with communities that have previously hosted nuclear-related activities and other communities facing a transition away from fossil fuels to empower those communities with the resources and information necessary to engage with regulators, developers, and decisionmakers on new nuclear power facilities, nuclear component manufacturing facilities, and fuel cycle facilities;

(f) Strengthen engagement with the federal Nuclear Regulatory Commission by reviewing current safety and security practices implemented at different types of nuclear energy facilities under their purview, promoting the streamlining of permitting efforts, and supporting the siting of interim and permanent nuclear storage facilities via the continued use of consent-based siting;

(g) Build the organizational capacity to engage and potentially convene a consortium of stakeholders interested in nuclear energy technologies that would consist of utilities, environmental advocates, electric cooperatives, and major industrial companies in order to share best practices, including how to share risk associated with developing and constructing new nuclear power plants within the Commonwealth;

(h) Engage with the United States Department of Energy National Laboratories, academic institutions, and private companies on efforts to develop deployable technologies to reprocess or recycle spent nuclear fuel;~~[and]~~

(i) Maintain awareness of potential events that could initiate or accelerate the development of new nuclear energy technologies within the Commonwealth to allow the public to benefit from these projects***; and***

(j) Through the nuclear energy development grant administration subcommittee, review and evaluate grant applications and make grant awards in accordance with Section 1 of this Act.

(8) The authority, with the approval of the advisory board, shall:

(a) Propose and adopt bylaws for the management and operation of the authority***, including for the Nuclear Energy Development Grant Program established in Section 1 of this Act***;

(b) Develop and adopt a strategic plan for carrying out the purposes of the authority described in subsection (7) of this section;

(c) Create and update at least once every two (2) years a nuclear energy economic impact analysis for the Commonwealth;

(d) Employ necessary staff to carry out the functions of the authority; and

(e) By December 1, 2025, and each December 1 thereafter, submit a report to the Governor and the Legislative Research Commission for referral to the Interim Joint Committees on Natural Resources and Energy, Appropriations and Revenue, and Economic Development and Workforce Investment providing***:***

1. A summary of the authority's activities and achievements since its last report***;***

2. The evaluations and scores of all nuclear energy development grant applications received and all grant awards made pursuant to Section 1 of this Act since its last report; and

3. ~~[offering]~~Recommendations for the support and expansion of the nuclear energy ecosystem in the Commonwealth.

➔Section 3. 2024 Ky. Acts ch. 173, sec. 1, (207), at page 1766, is amended to read as follows:

(207) $20,000,000 in each fiscal year to the University of Kentucky budget unit to be invested as a quasi-endowment by the University. ***Of this amount, $8,000,000 may be used in fiscal year 2025-2026 to support the Nuclear Energy Development Grant Program and $2,000,000 shall be dedicated to a Laser and Photonics Technology Program at the Pigman College of Engineering in Paducah, Kentucky.*** The interest earned on the investment shall be used for the Center for Applied Energy Research's administration and support of the Kentucky Nuclear Energy Development Authority and the Energy Planning and Inventory Commission;

➔Section 4. The following KRS section is repealed:

154.12-340 Financial assistance program for nuclear energy-related projects -- Cabinet to verify and process financial assistance requests -- Administrative regulations.

➔Section 5. Whereas it is critical to the economic development and energy reliability goals of the Commonwealth that grant funding be made available to contribute to the advancement and location of nuclear energy-related projects in Kentucky, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 24, 2025.

CHAPTER 52

(SB 162)

AN ACT relating to unemployment insurance.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 341 IS CREATED TO READ AS FOLLOWS:

(1) Any person suspected of fraudulently obtaining or attempting to obtain any benefit under this chapter, or under any unemployment insurance law of any other state or the federal government, shall be referred by the cabinet to the Kentucky Justice and Public Safety Cabinet, the appropriate county attorney or Commonwealth's attorney, and, if applicable, the United States Department of Justice. The referral shall include:

(a) The name of the applicable employer, employee, claimant, and name used in the suspected fraud;

(b) Any contact information the cabinet possesses for the suspected fraudulent actor; and

(c) Any information filed with or reported to the cabinet regarding the suspected fraud.

(2) The cabinet shall make the referral under subsection (1) of this section no later than thirty (30) days after determining suspected fraud has occurred.

(3) A legal disposition finding the employee or contractor guilty under the evidentiary standard and burden of proof pursuant to KRS 500.070 shall be required to terminate employment under this section.

Signed by Governor March 24, 2025.

CHAPTER 53

(SB 237)

AN ACT relating to public safety.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 15.382 is amended to read as follows:

A person certified after December 1, 1998, under KRS 15.380 to 15.404 or qualified under the requirements set forth in KRS 15.440(1)(d)6. shall, at the time of becoming certified, meet the following minimum qualifications:

(1) Be a citizen of the United States;

(2) Be at least twenty-one (21) years of age;

(3) (a) Be a high school graduate, regardless of whether the school is accredited or certified by a governing body, provided that the education received met the attendance and curriculum standards of Kentucky law at the time of graduation, as determined by the Kentucky Department of Education; or

(b) Possess a High School Equivalency Diploma;

(4) Possess a valid license to operate a motor vehicle;

(5) Be fingerprinted for a criminal background check;

(6) Not have been convicted of any felony; a misdemeanor under KRS 510.120, 510.130, or 510.140; a second or subsequent offense under KRS 510.148; or a criminal attempt, conspiracy, facilitation, or solicitation to commit any degree of rape, sodomy, sexual abuse, or sexual misconduct; or have had any offense listed under this subsection expunged;

(7) Not be prohibited by federal or state law from possessing a firearm;

(8) Have received and read the Kentucky Law Enforcement Officers Code of Ethics as established by the council;

(9) Have not received a dishonorable discharge, bad conduct discharge, or general discharge under other than honorable conditions, if having served in any branch of the Armed Forces of the United States;

(10) Have passed a medical examination as defined by the council by administrative regulation and provided by a licensed physician, physician assistant, or advanced practice registered nurse to determine if he ***or she*** can perform peace officer duties as determined by a validated job task analysis. However, if the employing agency has its own validated job task analysis, the person shall pass the medical examination, appropriate to the agency's job task analysis, of the employing agency. All agencies shall certify passing medical examination results to the council, which shall accept them as complying with KRS 15.310 to 15.510;

(11) Have passed a drug screening test administered or approved by the council by administrative regulation. A person shall be deemed to have passed a drug screening test if the results of the test are negative for the use of an illegal controlled substance or prescription drug abuse. Any agency that administers its own test that meets or exceeds this standard shall certify passing test results to the council, which shall accept them as complying with KRS 15.310 to 15.510;

(12) Have undergone a background investigation established or approved by the council by administrative regulation to determine suitability for the position of a peace officer. If the employing agency has established its own background investigation that meets or exceeds the standards of the council, as set forth by administrative regulation, the agency shall conduct the background investigation and shall certify background investigation results to the council, which shall accept them as complying with KRS 15.310 to 15.510;

(13) Have been interviewed by the employing agency;

(14) Not have had certification as a peace officer permanently revoked in another state;

(15) Have taken a psychological suitability screening administered or approved by the council by administrative regulation to determine the person's suitability to perform peace officer duties as determined by a council validated job task analysis. However, if the employing agency has its own validated job task analysis, the person shall take that agency's psychological ***suitability screening***~~[examination]~~, appropriate to the agency's

job task analysis. All agencies shall certify psychological ***suitability screening***~~[examination]~~ results to the council, which shall accept them as complying with KRS 15.310 to 15.510;

(16) ***(a)*** Have passed a physical agility test administered or approved by the council by administrative regulation to determine his ***or her*** suitability to perform peace officer duties as determined by a council validated job task analysis. However, if the employing agency has its own validated job task analysis, the person shall take the physical agility ***test***~~[examination]~~ of the employing agency. All agencies shall certify physical agility ***test***~~[examination]~~ results to the council, which shall accept them as demonstrating compliance with KRS 15.310 to 15.510.~~[; and]~~

(b) Notwithstanding paragraph (a) of this subsection, a person shall not be required to pass a physical agility test if the person can provide certified documentation that at the time of his or her application to the employing agency, the person:

1. Is currently employed, or has been separated from service for less than three (3) months, as a certified law enforcement officer in another state;

2. Is currently in good standing, or separated from service in good standing, with the other state or law enforcement agency where he or she is certified;

3. Has been continuously employed as a law enforcement officer in the state where he or she is certified for at least ten (10) years prior to his or her application; and

4. Has passed a physical agility test as a condition of employment with the law enforcement agency in the other state where he or she is certified; and

(17) Have taken a polygraph examination administered or approved by the council by administrative regulation to determine his ***or her*** suitability to perform peace officer duties. Any agency that administers its own polygraph examination as approved by the council shall certify the results that indicate whether a person is suitable for employment as a peace officer to the council, which shall accept them as complying with KRS 15.310 to 15.510.

➔Section 2. KRS 15.530 (Effective until July 1, 2026) is amended to read as follows:

For the purposes of KRS 15.530 to 15.590:

(1) "CJIS" means the Criminal Justice Information System;

(2) "CJIS-full access course" means ***an online***~~[a]~~ training program ***administered and***~~[of forty (40) hours]~~ approved by the ***Kentucky State Police CJIS Services Agency***~~[Kentucky Law Enforcement Council]~~;

(3) ~~["CJIS telecommunicator" means any public employee, sworn or civilian, whose primary responsibility is to dispatch law enforcement units by means of radio communications for an agency that utilizes the Criminal Justice Information System, and is part of or administered by the state or any political subdivision;~~

~~(4)~~]"Commissioner" means the commissioner of the Department of Criminal Justice Training;

(4)~~[(5)]~~ ***"Public safety telecommunicator" or "telecommunicator" means any public employee, sworn or civilian, who functions as a public safety dispatcher, 911 telecommunicator, or 911 call taker, whose duties and responsibilities include:***

(a) Answering, receiving, transferring, or dispatching functions related to 911 calls, as the primary or secondary public safety answering point or emergency communication center;

(b) Dispatching law enforcement officers, fire rescue services, emergency medical services, emergency management, and other public safety services to the scene of an emergency; or

(c) Providing real-time information from federal, state, and local crime databases;~~["Non-CJIS telecommunicator" means any full-time public employee, sworn or civilian, whose primary responsibility is to dispatch law enforcement units by means of radio communications for an agency that does not utilize the Criminal Justice Information System and is part of or administered by the state or any political subdivision;~~

~~(6) "Non-CJIS telecommunicator academy" means a training course of one hundred twenty (120) hours approved by the Kentucky Law Enforcement Council; and]~~

(5)~~[(7)]~~ "Telecommunications academy" means a training course of one hundred sixty (160) hours approved by the Kentucky Law Enforcement Council***; and***

(6) "Telecommunicator overview training" means a forty (40) hour online course approved by the Kentucky Law Enforcement Council.

➔Section 3. KRS 15.530 (Effective July 1, 2026) is amended to read as follows:

For the purposes of KRS 15.530 to 15.590:

(1) "CJIS" means the Criminal Justice Information System;

(2) "CJIS-full access course" means an online training program administered and approved by the Kentucky State Police CJIS Services Agency;

(3) "Commissioner" means the commissioner of the Department of Criminal Justice Training;

(4) ***"Full-time public safety telecommunicator academy" means a training course of at least one hundred sixty (160) hours approved by the Kentucky Law Enforcement Council and delivered by one (1) of the Kentucky Law Enforcement Council-approved academies in the state;***

(5) "Public safety telecommunicator" or "telecommunicator" means any public employee, sworn or civilian, who functions as a public safety dispatcher, 911 telecommunicator, or 911 call taker, whose duties and responsibilities include:

(a) Answering, receiving, transferring, or dispatching functions related to 911 calls, as the primary or secondary public safety answering point or emergency communication center;

(b) Dispatching law enforcement officers, fire rescue services, emergency medical services, emergency management, and other public safety services to the scene of an emergency; or

(c) Providing real-time information from federal, state, and local crime databases; and~~[~~

~~(5) "Public safety telecommunicator academy" means a training course of at least one hundred sixty (160) hours approved by the Kentucky Law Enforcement Council and delivered by one (1) of the Kentucky Law Enforcement Council-approved academies in the state]~~

(6) "Telecommunicator overview training" means a forty (40) hour online course approved by the Kentucky Law Enforcement Council.

➔Section 4. KRS 15.552 is amended to read as follows:

(1) The Public Safety Telecommunicator Work Group is hereby established as an independent entity to develop a new delivery format for the public safety telecommunicator academy which will incorporate in-person and online training components. The work group shall meet as necessary and submit to the Kentucky Law Enforcement Council within one (1) year of July 15, 2024, a training delivery format that shall be developed and unanimously agreed upon by the work group. The work group shall cease to exist after the developed training delivery format is submitted to the Kentucky Law Enforcement Council for approval unless the council directs its continuance. The members of the work group shall not be paid or reimbursed for travel or other expenses. The work group shall consist of at least one (1) member of the following entities:

(a) Department of Criminal Justice Training;

(b) Kentucky Chapter of the National Emergency Number Association; and

(c) Association of Public Safety Communications Officials.

(2) The Kentucky Law Enforcement Council shall, upon approval, implement the new training delivery format developed under subsection (1) of this section for the public safety telecommunicator academy on July 1, 2026.

(3) ***All*** part-time telecommunicators~~[hired prior to July 1, 2026,]~~ shall successfully complete the forty (40) hour online course, "telecommunicator overview training." ~~[All part-time telecommunicators hired after July 1, 2026, shall successfully complete the public safety telecommunicator academy]~~

(4) A part-time telecommunicator who successfully completes the forty (40) hour telecommunicator overview training course and moves to a full-time telecommunicator position shall be credited forty (40) hours toward the training requirements of the full-time public safety telecommunicator academy.

➔Section 5. KRS 15.560 (Effective July 1, 2026) is amended to read as follows:

(1) ***(a)*** All ***full-time*** public safety telecommunicators not previously certified as a telecommunicator by the Kentucky Law Enforcement Council shall complete the ***full-time*** public safety telecommunicator academy within twelve (12) months from the date of hire.

(b) All part-time public safety telecommunicators not previously certified as a telecommunicator by the Kentucky Law Enforcement Council shall complete telecommunicator overview training within twelve (12) months from the date of hire.

(2) All ***public safety*** telecommunicators shall successfully complete each calendar year an in-service training course, appropriate to their job assignment and responsibility, of eight (8) hours' duration at a school certified or recognized by the Kentucky Law Enforcement Council. Each in-service training course shall include a mental health component which highlights post-traumatic stress disorder and work-induced stress, including symptom recognition, treatment, and available resources.

(3) In the event of extenuating circumstances beyond the control of a telecommunicator that prevent completion of training within the time specified, the commissioner or the commissioner's designee may grant the telecommunicator an extension of time, not to exceed one hundred eighty (180) days, in which to complete the training.

(4) A telecommunicator who fails to complete the training within a period of twelve (12) months and any extension of time granted under this section shall be terminated by the employing agency and shall not be permitted to serve as a telecommunicator with any governmental agency in the Commonwealth for a period of one (1) year.

➔Section 6. KRS 164.952 is amended to read as follows:

(1) As used in this section:

(a) "Police officer" has the same meaning as "police officer" in KRS 15.420, as "police officer" in KRS 164.950 to 164.980, and as "officer" in KRS 16.010; and

(b) "Postsecondary institution" means any public institution of postsecondary education authorized to establish a police department pursuant to KRS 164.950 to 164.980 that participates in the Kentucky Employees Retirement System.

(2) ~~[Subject to the limitations of subsection (7) of this section,]~~A postsecondary institution may employ individuals as police officers under this section who have retired from the Kentucky Employees Retirement System, the County Employees Retirement System, or the State Police Retirement System.

(3) To be eligible for employment under this section, an individual shall have:

(a) Participated in the Law Enforcement Foundation Program fund under KRS 15.410 to 15.510, retired as a commissioned officer pursuant to KRS Chapter 16, or retired as a police officer from a postsecondary institution;

(b) Retired with at least twenty (20) years of service credit;

(c) Been separated from service for the period required by KRS 61.637 or 78.5540 so that the member's retirement is not voided;

(d) Retired with no administrative charges pending; and

(e) Retired with no preexisting agreement between the individual and the postsecondary institution prior to the individual's retirement for the individual to return to work for the postsecondary institution.

(4) Individuals employed under this section shall:

(a) Serve for a term not to exceed one (1) year. The one (1) year employment term may be renewed annually at the discretion of the employing postsecondary institution;

(b) Receive compensation according to the standard procedures applicable to the employing postsecondary institution; and

(c) Be employed based upon need as determined by the employing postsecondary institution.

(5) Notwithstanding any provisions of KRS 16.505 to 16.652, 18A.225 to 18A.2287, 61.510 to 61.705, or 78.510 to 78.852 to the contrary:

(a) Individuals employed under this section shall continue to receive all retirement and health insurance benefits to which they were entitled upon retiring in the applicable system administered by Kentucky Retirement Systems;

(b) Individuals employed under this section shall not be eligible to receive health insurance coverage through the employing postsecondary institution;

(c) The postsecondary institution shall not pay any employer contributions or retiree health expense reimbursements to the Kentucky Retirement Systems required by KRS 61.637(17) for individuals employed under this section; and

(d) The postsecondary institution shall not pay any insurance contributions to the state health insurance plan, as provided by KRS 18A.225 to 18A.2287, for individuals employed under this section.

(6) Individuals employed under this section shall be subject to any legislative due process provisions applicable to police officers of the employing postsecondary institution. A decision not to renew a one (1) year appointment term under this section shall not be considered a disciplinary action or deprivation subject to due process.~~[~~

~~(7) The number of retired police officers a postsecondary institution may hire under the provisions of this section shall be limited to five (5) retired police officers or a number equal to twenty-five percent (25%) of the police officers employed by the postsecondary institution in calendar year 2018, whichever is greater.]~~

➔Section 7. Sections 3 and 5 of this Act take effect July 1, 2026.

Signed by Governor March 24, 2025.

CHAPTER 54

(HB 443)

AN ACT relating to the Hal Rogers Parkway.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 177.317 is amended to read as follows:

(1) The Transportation Cabinet shall allow partial control of access on the Hal Rogers Parkway, between the junction with ***Kentucky Route***~~[KY]~~ 192 and the junction with ***Kentucky Route***~~[KY]~~ 80, and establish minimum spacing requirements and the manner in which the access is to be provided. Minimum access spacing under this section shall be no less than one thousand two hundred (1,200) feet.

(2) The Transportation Cabinet shall include Kentucky Route 80 in the counties of Perry, Knott, and Floyd as part of the Hal Rogers Parkway. The cabinet shall update:

(a) Online maps and databases upon the effective date of this Act; and

(b) Highway and directional signs upon the normal replacement schedule.

Signed by Governor March 24, 2025.

CHAPTER 55

(SB 145)

AN ACT relating to retail installment contracts.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 190.100 is amended to read as follows:

(1) (a) Every retail installment contract shall:

1. Be in writing in at least eight (8) point type;

2. Contain all the agreements of the parties;

3. Be signed by the retail buyer; and

4. Require a copy thereof to be furnished to the retail buyer at the time of the execution of the contract.

(b) A retail installment contract need not appear on a single page and a contract that includes a provision incorporating agreements that appear after the buyer's signature, including without limitation, terms, and conditions on the back or on subsequent pages, shall be deemed in compliance with KRS 446.060(1).

(c) No provisions for confession of judgment, power of attorney therefor, or wage assignment contained in any retail installment contract shall be valid or enforceable.

(d) ***1.*** The holder of a retail installment contract may collect a delinquency and collection charge~~[on each installment in arrears for a period not less than ten (10) days]~~ in an amount not in excess of five percent (5%) of each installment or fifteen dollars ($15), whichever is greater***, for each installment in arrears for a period not less than:***

a. Three (3) days for installment periods that are less than twenty-eight (28) days; or

b. Ten (10) days for installment periods that are twenty-eight (28) days or longer.

2. In addition to such delinquency and collection charge, the retail installment contract may provide for the payment of reasonable attorneys' fees where such contract is referred to an attorney not a salaried employee of the holder of the contract for collection, plus the court costs.

(e) Unless notice has been given to the retail buyer of actual or intended assignment of a retail installment contract, payment thereunder or tender thereof made by the retail buyer to the last known holder of such contract shall be binding upon all subsequent holders or assignees.

(f) Upon written request from the retail buyer, the holder of the retail installment contract shall give or forward to the retail buyer a written statement of the total amount unpaid under such contract. A retail buyer shall be given a written receipt for any payment when made in cash.

(2) The retail installment contract shall contain the following:

(a) The cash sale price of the motor vehicle which is the subject matter of the retail installment sale;

(b) The amount of the retail buyer's down payment, whether made in money or goods, or partly in money or partly in goods;

(c) The difference between paragraphs (a) and (b) of this subsection;

(d) 1. Amount, if any, included for insurance and other benefits; and

2. Types of coverage and benefits;

(e) Official fees as defined in KRS 190.090;

(f) Any amounts eligible for inclusion in the cash sale price as defined in KRS 190.090 that the seller elects to separately itemize; and

(g) Principal balance, which is the sum of paragraphs (c), (d), and (e) of this subsection.

(3) A retail installment contract is deemed in compliance with subsection (2) of this section if it satisfies the requirements of the Truth in Lending Act that would apply to a retail installment contract within the Truth in Lending Act's scope, regardless of whether the Truth in Lending Act would apply to the retail installment sale at issue.

(4) The amount, if any, included for insurance, shall not exceed the premiums chargeable in accordance with applicable rate filings made with the commissioner of insurance. Every retail seller or sales finance company, if insurance on the motor vehicle is included in a retail installment contract shall within thirty (30) days after execution of the retail installment contract send or cause to be sent to the retail buyer a policy or policies or certificate of insurance, which insurance shall be written by a company authorized to do business in this state, clearly setting forth the amount of the premium, the kind or kinds of insurance and the scope of the coverage and all the terms, exceptions, limitations, restrictions and conditions of the contract or contracts of the

insurance. The buyer of a motor vehicle under a retail installment contract shall have the privilege of purchasing such insurance from an agent or broker of his own selection and of selecting an insurance company acceptable to the seller; provided, however, that the inclusion of the insurance premium in the retail installment contract when the buyer selects the agent, broker or company, shall be optional with the seller. If any such policy is canceled, the unearned insurance premium refund received by the holder of the contract shall be credited to the final maturing installments of the retail installment contract. For purposes of this subsection, single interest insurance insuring the retail seller or sales finance company shall not be considered insurance on the motor vehicle. Neither a copy of the policy nor a certificate of insurance of this type of insurance shall be sent to the retail buyer.

(5) Any sales finance company hereunder may purchase or acquire from any retail seller any retail installment contract on such terms and conditions as may be agreed upon between them. No filing of the assignment, no notice to the retail buyer of the assignment, and no requirement that the retail seller shall be deprived of dominion over the payments thereunder or the goods covered thereby if repossessed by the retail seller shall be necessary to the validity of a written assignment of a retail installment contract as against creditors, subsequent purchasers, pledgees, mortgagees, and lien claimants of the retail seller.

(6) An acknowledgment in the body of the retail installment contract by the retail buyer of the delivery of a copy thereof shall be conclusive proof of delivery in any action or proceeding by or against any assignee of a retail installment contract.

(7) (a) A "debt cancellation agreement" is a written provision in a retail installment contract, or separate addendum thereto, which provides for cancellation of all or part of an obligation of the buyer or obligor upon the occurrence of a specified event.

(b) In accordance with subsection (2)(d) of this section, a debt cancellation agreement shall be itemized by type on the retail installment contract and considered an "other benefit" for which the seller, sales finance company, or other holder may charge the buyer or obligor.

(c) A debt cancellation agreement shall not be considered a contract of, or for, insurance.

➔Section 2. KRS 371.270 is amended to read as follows:

(1) The holder of any retail installment contract, if it so provides, may collect a delinquency and collection charge on each installment in default for a period of more than ten (10) days in the amount not to exceed five (5%) percent of each installment or ***fifteen dollars ($15)***~~[ten dollars ($10)]~~, whichever is greater~~[, provided that a minimum charge of one dollar ($1) may be made, or, in lieu thereof, interest after maturity on each such installment not to exceed the highest lawful contract rate]~~.

(2) The holder of a retail installment contract upon request by the buyer, may agree to an amendment thereto to extend or defer the scheduled due date of all or any part of any installment or installments or to renew, restate or reschedule the unpaid balance of the contract, and may collect for same a refinance charge not to exceed an amount ascertained as provided under either of the following optional methods of computation:

Option I. The refinance charge may be computed on the amount of the scheduled installment or installments extended or deferred for the period of extension or deferment at the rate of one and one-half percent (1.5%) per month; provided that a minimum deferment charge of one dollar ($1) shall be permitted. Such amendment may also include payment by the buyer of the additional cost to the holder of premiums for continuing in force any insurance coverages provided for in the contract until the end of such deferral period, and of any additional necessary official fees.

Option II. The refinance charge may be computed as follows: The sum of the unpaid balance as of the refinancing date and the cost for any insurance and other benefits incidental to the refinancing, and for any additional necessary official fees and any accrued delinquency and collection charges, after deducting a refund credit as for prepayment pursuant to subsection (2) of KRS 371.260, shall constitute a principal balance for such refinancing on which the refinance charge may be computed for the term of the refinanced contract at the applicable rate for finance charges. Acquisition costs under the refund schedule in subsection (2) of KRS 371.260 shall not apply in calculating refinance charges.

(3) The amendment to the contract must be confirmed in a writing signed by the holder. The writing shall set forth the terms of the amendment and the new due dates and amounts of the installments, and shall either be delivered to the buyer or mailed to him at his address as shown on the contract. Said writing together with the original contract and any previous amendments thereto shall constitute the retail installment contract.

Signed by Governor March 24, 2025.

CHAPTER 56

(SB 129)

AN ACT relating to property.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 99.727 is amended to read as follows:

(1) As used in this section:

(a) "Census block" means an area within the jurisdiction of a local government identified by the United States Census Bureau using a unique four (4) digit number;

(b) "Certificate of delinquency" has the same meaning as in KRS 134.010;

(c) ***"Diverted tax delinquency purchaser" means a third-party purchaser who is registered under subsection (8) of this section to purchase a certificate of delinquency related to property placed in a tax delinquency diversion program;***

(d) "Individual parcel" means a parcel of property not located in a priority project area that has been designated by the commission or alternative government entity as blighted, and for which the area in which the property is located:

1. Exhibits conditions that are favorable for development;

2. Has the resources needed for urban redevelopment; and

3. Has characteristics that can be promoted as part of a campaign to retain existing residents and attract new residents to the area;~~[and]~~

(e)~~[(d)]~~ "Priority project area" means a specific group of properties identified by census block, which are located in an area where:

1. There are a significant number of blighted properties;

2. Existing conditions are favorable for development;

3. Existing resources needed for urban redevelopment are present; and

4. Existing characteristics of the area can be promoted as part of a campaign to retain existing residents and attract new residents to the area***;***

(f) "Third-party purchaser" has the same meaning as in KRS 134.010; and

(g) "Vacant and abandoned property" means a residential property that has been continuously vacant for at least one (1) year with repeated housing, building, or nuisance code violations.

(2) The legislative body of a consolidated local government may, by ordinance, establish a tax delinquency diversion program for blighted property.

(3) The ordinance establishing the program shall designate the commission or an alternative government entity as the body responsible for identifying and certifying priority project areas and individual parcels of property for inclusion in the tax delinquency diversion program.

(4) The commission or alternative government entity shall submit recommended priority project areas and qualifying individual parcels of property to the governing body of the consolidated local government for consideration.

(5) ***Except as provided under subsection (7) of this section,*** certificates of delinquency related to property approved by the governing body of the consolidated local government for inclusion in the tax delinquency diversion program shall not be available for purchase~~[by any person]~~ for a period of up to five (5) years following the year in which the property is placed in the tax delinquency diversion program.

(6) The commission or alternative government entity shall provide to the county attorney a list of all properties included in the tax delinquency diversion plan, and the county attorney shall place the identified properties on the protected list required ***under***~~[by]~~ KRS 134.504(10).

(7) (a) A diverted tax delinquency purchaser may purchase a certificate of delinquency related to vacant and abandoned property which has been placed in a tax delinquency diversion program. After ninety (90) days from the creation of the certificate of delinquency, a diverted tax delinquency purchaser who is interested in purchasing the certificate of delinquency for vacant and abandoned property shall send a notification to the county attorney requesting that the certificate of delinquency be made available for purchase. Within thirty (30) days of receipt of the notification, the county attorney shall:

1. Verify with the commission or alternative government entity as designated under subsection (3) of this section that the property in question is vacant and abandoned;

2. Remove the certificate of delinquency from the protected list required by KRS 134.504(10); and

3. Notify the county clerk and all other diverted tax delinquency purchasers that the certificate of delinquency shall be available for purchase.

(b) Once the requirements in paragraph (a) of this subsection are met, the county clerk shall conduct a sale of the certificate of delinquency to diverted tax delinquency purchasers. The sale shall be scheduled within ninety (90) days of the date of the notification sent to the county clerk in paragraph (a)3. of this subsection.

(8) (a) To qualify as a diverted tax delinquency purchaser, the third-party purchaser shall register with the Department of Revenue under this subsection and be:

1. A political subdivision of the Commonwealth created by the governing body of a consolidated local government or operating within the boundaries of a consolidated local government;

2. A state or local agency, board, or commission created by the governing body of a consolidated local government or operating within the boundaries of a consolidated local government;

3. A quasi-governmental entity created by the governing body of a consolidated local government or operating within the boundaries of a consolidated local government; or

4. A nonprofit organization that:

a. Is registered with the Kentucky Secretary of State;

b. Has been registered with the Kentucky Secretary of State for a minimum of five (5) years;

c. Has a principal place of business in Kentucky;

d. Includes affordable housing in its stated purpose; and

e. Is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

(b) The Department of Revenue shall:

1. Decline to issue a certificate of registration to any applicant who does not meet the requirements established under paragraph (a) of this subsection; and

2. Maintain a list of the applicants who are issued a certificate of registration. The list shall include the contact information and email address of each applicant.

(9) A diverted tax delinquency purchaser shall be subject to the same requirements as a third-party purchaser under KRS Chapter 134.

(10) The Department of Revenue shall promulgate administrative regulations to establish a process for the purchase and sale of certificates of delinquency related to property placed in a tax delinquency diversion program.

➔Section 2. KRS 134.128 is amended to read as follows:

(1) The sale of certificates of delinquency by county clerks to persons other than those listed in KRS 134.127(1)(a) shall be conducted in accordance with the provisions of this section.

(2) The department shall promulgate administrative regulations to establish a process for the purchase and sale of certificates of delinquency to third parties. The process developed by the department shall:

(a) 1. Establish an annual statewide schedule for the sale of certificates of delinquency in each county. The schedule shall be published on the department's ***website*** ~~[Web site]~~ at least ten (10) days prior to the first sale. The sale in each county shall be administered by the county clerk.

2. The sale in each county shall be scheduled at least ninety (90) days but not more than one hundred thirty-five (135) days after the unpaid tax claims are filed by the sheriff with the county clerk, unless the provisions of subparagraph 3. of this paragraph apply. The department may stagger the schedule so that sales are conducted on different dates and times in different counties.

3. A county clerk who:

a. Due to the assessment schedule established by the department, anticipates receiving certificates of delinquency relating to unmined coal, oil**,** or gas reserves, or any other mineral or energy resources assessed separately from the surface real property pursuant to KRS 132.820 too late to be included in the annual sale scheduled during the timeframes established by subparagraph 2. of this paragraph; and

b. Wants to include those certificates in the annual sale for the year in which the certificates of delinquency are created;

may submit a request to the department to hold the annual sale for that county up to one hundred ninety-five (195) days after the bulk of the unpaid tax claims are filed by the sheriff with the county clerk in accordance with KRS 134.122;

(b) Except as provided in KRS 134.127(1)(a), prohibit the payment of any newly filed certificates of delinquency by a third party prior to the scheduled annual sale of certificates of delinquency for that year for that county;

(c) Prohibit the payment of any certificates of delinquency:

1. Involved in bankruptcy litigation in which the county attorney or department has filed a claim;

2. Involved in other litigation initiated by the county attorney or the department, or in which the county attorney or department responds or files a claim;

3. Under a payment plan that has been agreed to by the taxpayer and the county attorney or the department, and on which the payment agreement is in good standing; or

4. Related to property included in a tax delinquency diversion program established ***under*** ~~[pursuant to]~~ KRS 99.727 ***and on the protected list required under KRS 134.504(10)***;

(d) Establish a process to be used by county clerks in determining the order in which interested third-party purchasers may select and pay available certificates of delinquency at the annual sale. The process shall, at a minimum:

1. Be uniform in all counties to the extent practicable;

2. Establish a process, if there is more than one (1) purchaser registered to purchase certificates of delinquency at the sale, that allows all interested purchasers an opportunity to purchase certificates of delinquency on an equitable basis. The sale shall not be structured in such a manner to allow one (1) third party to purchase all of the certificates of delinquency if there are other properly registered third parties that are also interested in purchasing certificates of delinquency;

3. Establish fairness for all participants by prohibiting the participation of multiple related entities, or multiple individuals representing related interests as separate entities in the selection process at an annual sale. The department shall define "related entities" and "related interests" as part of the regulatory process; and

4. Establish a process to be used by county clerks in identifying, verifying, and selling priority certificates of delinquency. The process shall:

a. Require third-party purchasers to submit a list of priority certificates of delinquency to the county clerk up to ten (10) days before the annual sale so that the clerk may identify and

allocate priority certificates of delinquency to third-party purchasers prior to the annual sale;

b. Require that all priority certificates of delinquency allocated to a third-party purchaser prior to the annual sale be removed from the annual sale;

c. Allow any third-party purchaser holding a certificate of delinquency on a parcel of property from a prior year to submit a priority list and purchase any priority certificates of delinquency to which the third-party purchaser is entitled, notwithstanding that the third-party purchaser may be related to another third-party purchaser participating in the sale; and

d. Give priority to the third-party purchaser holding a certificate of delinquency from the most recent tax year if more than one (1) third party holds an outstanding certificate of delinquency on a parcel of property;

(e) Require all potential participants in the sale to register at least one (1) week in advance with the county clerk;

(f) Require a review of the list of registered participants, either by the county clerk or the department, prior to the sale to ensure that:

1. All registered participants seeking to pay multiple certificates of delinquency are properly registered with the department as required by KRS 134.129; and

2. No registered participants or related entities or related interests prohibited from separate participation in the annual sale pursuant to the provisions of paragraph (d)3. of this subsection and the administrative regulations promulgated thereunder have separately registered to participate in the annual sale;

(g) Establish advance deposit requirements for registered participants based upon the maximum amount the registered participant may pay for desired certificates of delinquency;

(h) Establish a registration fee to be paid to the clerk. The registration fee paid to each county shall not exceed two hundred fifty dollars ($250) annually and may be tiered;

(i) Establish payment requirements, which may include nullification of the payment and forfeiture of the advance deposit if a third-party purchaser fails to produce full payment within the specified time; and

(j) Establish payment methods.

(3) Any person who, in any calendar year:

(a) Pays or plans to pay more than five (5) certificates of delinquency statewide;

(b) Pays or plans to pay more than three (3) certificates of delinquency in any county; or

(c) Invests or plans to invest more than ten thousand dollars ($10,000) in the payment of certificates of delinquency on a statewide basis in any calendar year;

shall register with the department annually as provided in KRS 134.129.

(4) The department shall be responsible for monitoring the sale of certificates of delinquency.

(5) (a) At least thirty (30) but not more than forty-five (45) days before the scheduled sale date, the county clerk shall cause a notice to be published in accordance with the provisions of KRS Chapter 424. The notice shall list by property owner, property address, and if available, parcel number or lot number, all certificates of delinquency available for sale. The notice shall provide the date, time, and location of the sale. In addition, the notice shall list, in a separate section, all personal property certificates of delinquency held by the county clerk.

(b) As compensation for advertising the sale, the county clerk shall receive five dollars ($5) for each certificate of delinquency and personal property certificate of delinquency advertised. The fee shall be added to the amount of the certificate of delinquency or personal property certificate of delinquency and shall be paid by the person paying the certificate of delinquency or personal property certificate of delinquency.

(c) The cost of placing the advertisement shall be paid by the county. The cost shall be added to the amount of the certificate of delinquency or personal property certificate of delinquency and shall be paid by the

person paying the certificate of delinquency or personal property certificate of delinquency. The department shall establish a formula that may be used by counties in allocating the advertising costs among the delinquent tax claims. The formula shall take into account that a percentage of delinquent tax claims remains unpaid.

(6) Any certificate of delinquency not paid at the annual sale, not subject to a payment plan with the department or county attorney, and not known to be in litigation may be paid to the county clerk at any time by any person after the sale, provided that:

(a) Any person required by KRS 134.129 to register with the department shall hold a current certificate of registration at the time of purchase;

(b) Any person not previously registered with the county clerk during the calendar year shall register with the county clerk and shall pay the registration fee established by administrative regulation pursuant to subsection (2)(h) of this section; and

(c) Any person previously registered with the county clerk during the calendar year who has not paid the maximum registration fee for that year shall pay the appropriate amount for each certificate of delinquency paid, as established by administrative regulation pursuant to subsection (2)(h) of this section, until the maximum registration has been paid.

(7) Any certificate of delinquency received by the county clerk too late to be included in the annual sale in any year shall be retained by the clerk until the next scheduled annual sale. During that time period, the clerk may accept payment on the certificate of delinquency only from those individuals and entities listed in KRS 134.127(1)(a).

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 100 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section, unless the context otherwise requires:

(a) "Accessory dwelling unit" means a smaller, secondary dwelling unit located on the same lot as a principal dwelling, which provides complete, independent living facilities;

(b) "Density development project" means any proposed residential development project that:

1. Contains multifamily housing; and

2. If approved would result in an increase in:

a. Fire department or emergency medical service response times for current residents in the vicinity of the project; or

b. Traffic and congestion on roads accessing the development that would reduce the level of service on the most adjacent arterial, collector, or access road a full letter grade, or reduce level of service below grade D on those roads;

(c) "Level of service" means a qualitative measurement of traffic conditions graded on an A to F scale as set out in the Highway Capacity Manual as published by the Transportation Research Board;

(d) "Multifamily housing" means any residential housing type other than single-family homes and accessory dwelling units; and

(e) "Traditional single-family home zone" means a zone that, as of January 1, 2025, did not include multifamily homes as a permitted use.

(2) In a county containing a consolidated local government, any density development project that is proposed in a traditional single-family home zone shall be treated as if it were an amendment to the zoning map, and shall be subject to the procedures set forth in KRS 100.211, 100.2111, 100.212, 100.213, and 100.214, including approval by the legislative body, except a planning unit shall not use the alternative regulation for zoning map amendment under KRS 100.2111 when considering a density development project.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 383 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section, unless context requires otherwise:

(a) "Accessory dwelling unit" means a smaller, secondary dwelling unit located on the same lot as a principal dwelling, which provides complete, independent living facilities;

(b) "Multifamily housing" means any residential housing type other than single-family homes and accessory dwelling units;

(c) "Property owner" or "owner" means:

1. If the property is owned by one (1) or more individuals, one (1) or more of those individuals;

2. If the property is owned by a trust, one (1) or more of the beneficiaries or trustees;

3. If the property is owned by a partnership or limited liability company, one (1) or more of the partners or members; or

4. If the property is owned by a corporation, one (1) or more of the shareholders; and

(d) "Traditional single-family home zone" means a zone that, as of January 1, 2025, did not include multifamily homes as a permitted use.

(2) In a county containing a consolidated local government, for new leases initiated after the effective date of this Act, a property owner shall not lease or allow to be occupied any single-family home, multifamily housing unit, or accessory dwelling unit located on a lot that contains a single-family home and that is located in a traditional single-family home zone, unless the owner primarily resides in the single-family home or multifamily housing unit or an accessory dwelling unit on the lot. This restriction shall not apply to a lot that contains only one (1) single-family home and does not contain an accessory dwelling unit.

➔Section 5. KRS 154.30-050 is amended to read as follows:

(1) The Signature Project Program is hereby established. The purpose of this program is to encourage private investment in the development of major projects that will have a significant impact on the Commonwealth of Kentucky and are judged to be of such a magnitude that the effect upon the location of such project warrants extraordinary public support.

(2) There shall be two (2) separate initiatives under this program. The first initiative, the criteria and details of which are set forth in paragraph (a) of this subsection, shall apply to qualifying projects that are not the subject of a contract under KRS 65.495 in effect on or before the March 23, 2007, but that have a project grant agreement executed pursuant to KRS 154.30-070 prior to January 1, 2008. The second initiative, the criteria and details of which are set forth in paragraph (b) of this subsection, shall apply to projects that meet the specified requirements on or after January 1, 2008.

(a) For projects that are not the subject of a contract under KRS 65.495 in effect on or before March 23, 2007, but that have a project grant agreement executed pursuant to the provisions of KRS 154.30-070 prior to January 1, 2008:

1. The criteria for qualification shall be as follows:

a. The project shall represent new economic activity in the Commonwealth; and

b. The project shall result in a minimum capital investment of two hundred million dollars ($200,000,000)***;***~~[.]~~

2. The following provisions shall apply to projects that meet the criteria established in subparagraph 1. of this paragraph:

a. KRS 65.7051 shall not apply to the establishment of a development area;

b. The city or county in which the project is located shall adopt an ordinance establishing the development area. The ordinance shall be adopted in accordance with KRS 65.7053(1)(a), (b), (c), (d), (e), (h), (i), (j), (k), (l), and (m);

c. KRS 65.7049, 65.7053(2) and (3), 65.7057, 65.7059, 65.7061, 65.7063, 65.7065, and 65.7067, relating to local development areas, shall apply;

d. An application for state participation shall have been submitted as provided in KRS 154.30-030. The application shall include the information required by KRS 154.30-030(2)(a)~~[,]~~1.a. and b.;

e. The report provided for in KRS 154.30-030(2)(a)~~[,]~~3.b. shall not be required, and the certification required by KRS 154.30-030(6)(b) shall not be required;

f. A project grant agreement shall be executed in accordance with KRS 154.30-070; and

g. KRS 154.30-080 and 154.30-090 shall apply***; and***~~[.]~~

3. Projects that meet the criteria established in subparagraph 1. of this paragraph shall be eligible for the following:

a. Up to one hundred percent (100%) of approved public infrastructure costs, excluding any sales and use tax paid, may be recovered;

b. Up to one hundred percent (100%) of the financing costs associated with approved public infrastructure costs may be recovered;

c. In a county containing a city of the first class, the local participation agreement may provide for the release of up to eighty percent (80%) of the increment from the tax levied under KRS 91A.390 derived by the governing body within the project development area. The amount released shall not exceed a base amount of four hundred thousand dollars ($400,000) in the first year of the local participation agreement, which base amount shall be increased in each subsequent year of the grant agreement by four percent (4%); and

d. Up to one hundred percent (100%) of approved signature project costs, excluding any sales and use taxes paid, subject to the following:

i. The authority shall review proposed ~~[ ]~~expenditures for ~~[ ]~~inclusion in the tax incentive ~~[ ]~~agreement. The authority may approve the type ~~[ ]~~of expenditures it determines are ~~[ ]~~necessary for completion of the private development; and

ii. Approved signature project costs shall be detailed in the tax incentive agreement.

(b) Beginning January 1, 2008:

1. A project shall meet all of the following criteria to be considered for state participation under this program:

a. The project shall represent new economic activity in the Commonwealth;

b. The project shall result in a minimum capital investment of two hundred million dollars ($200,000,000);

c. The project shall result in a net positive economic impact to the Commonwealth, taking into consideration any substantial adverse impact on existing Commonwealth businesses. The net positive impact shall be certified to the commission as required by KRS 154.30-030(6)(b); and

d. Not more than twenty percent (20%) of the capital investment or twenty percent (20%) of the finished square footage shall be devoted to the support or development of assets that will be utilized for the retail sale of tangible personal property***;***~~[.]~~

2. Projects that meet the criteria established by subparagraph 1. of this paragraph shall comply with all relevant provisions of this subchapter***;***~~[.]~~

3. Projects that meet the criteria established by subparagraphs 1. and 2. of this paragraph shall be eligible to recover:

a. Up to one hundred percent (100%) of approved public infrastructure costs, excluding any sales and use taxes paid;

b. Up to one hundred percent (100%) of the financing costs associated with approved public infrastructure costs; and

c. Up to one hundred percent (100%) of approved signature project costs, excluding sales and use taxes paid subject to the following:

i. The authority shall review proposed expenditures for inclusion in the tax incentive agreement. The authority may approve the type of expenditures it determines are necessary for completion of the private development; and

ii. Approved signature project costs shall be detailed in the tax incentive agreement***; and***

4. Notwithstanding any provision of this section to the contrary, if a project has a residential use that comprises at least fifty percent (50%) of the total finished square footage of the proposed project:

a. The report required in KRS 154.30-030(2)(a)3.b. shall not be required; and

b. The certification required by KRS 154.30-030(6)(b) and subparagraph 1.c. of this paragraph shall not be required.

(3) The authority shall review the application, the certification required by KRS 154.30-030, if applicable, and supporting information as provided in KRS 154.30-030.

(4) The authority shall specifically identify the state taxes from which incremental revenues will be pledged. The authority may pledge up to eighty percent (80%) of the incremental revenues from the identified state tax revenues from the footprint, provided that the maximum amount of incremental revenues that may be pledged for a project during the term of the tax incentive agreement from all approved state taxes shall not exceed one hundred percent (100%) of approved public infrastructure costs, approved signature project costs, and financing costs.

(5) As part of the approval process, the authority shall determine the following:

(a) The footprint of the project;

(b) The maximum amount of approved public infrastructure costs, approved signature project costs, and financing costs;

(c) That the local revenues pledged to support the public infrastructure of the project, and local revenues pledged to support the overall project are of a sufficient amount to warrant participation of the Commonwealth in the project;

(d) The termination date of the tax incentive agreement, not to exceed thirty (30) years from the activation date;

(e) Any adjustments to be made to old revenues, in determining incremental revenues during each year of the term of the project grant agreement; and

(f) Any approved signature project costs;

(6) For the purpose of making the determination required by KRS 139.515(2), the authority shall review the projected expenditures for tangible personal property used in the construction of a signature project, as defined in KRS 139.515(1), and shall establish an approximate percentage of the total anticipated expenditures that are not included in the tax incentive agreement as approved public infrastructure costs or approved signature project costs. This percentage shall be communicated by the authority to the Department of Revenue, which shall use the information in administering the sales tax refund permitted by KRS 139.515.

(7) If state income taxes or local occupational license taxes are included for a project that includes office space, the authority shall consider the impact of pledging theses taxes on the ability to utilize other economic development projects at a later date.

(8) The pledge of state incremental tax revenues of the Commonwealth by the authority shall be implemented through the execution of a tax incentive agreement between the Commonwealth and the agency, city, or county in accordance with KRS 154.30-070.

(9) Notwithstanding the minimum capital investment of two hundred million dollars ($200,000,000) required by subsection (2)(b)1.b. of this section, the authority may, upon application of an agency that:

(a) Was approved to proceed with a project after January 1, 2008, but before January 1, 2013, that, at the time of approval pledged to make the two hundred million dollars ($200,000,000) investment requirement; and

(b) Had a consultant report prepared pursuant to KRS 154.30-030(6);

approve a reduction in the required minimum capital investment to an amount not less than one hundred fifty million dollars ($150,000,000), subject to a corresponding adjustment of the maximum incremental revenue available for recovery as appropriate, based upon the recommendation of the consultant who prepared the report pursuant to KRS 154.30-030(6).

➔Section 6. KRS 154.30-060 is amended to read as follows:

(1) The Commonwealth Participation Program for Mixed-Use Redevelopment in Blighted Urban Areas is hereby established.

(2) State participation under this program shall be limited to the support of approved public infrastructure costs and costs associated with land preparation, demolition, and clearance determined to be necessary to support private investment or private development projects that benefit the public, where project economics are unable to support or secure necessary financing to undertake the public improvements, land preparation, demolition, and clearance.

(3) As used in this section:

(a) "Mixed-use" means a project:

1. That includes at least two (2) qualified uses, each of which comprises at least twenty percent (20%) of the total finished square footage of the proposed project or represents at least twenty percent (20%) of the total capital investment; or

2. That includes at least three (3) qualified uses:

a. One (1) of which comprises at least twenty percent (20%) of the total finished square footage of the proposed project or represents at least twenty percent (20%) of the total capital investment; and

b. The remainder of which, when combined, jointly comprise at least twenty percent (20%) of the total finished square footage of the proposed project or represent at least twenty percent (20%) of the total capital investment;

(b) "Qualified use" means:

1. Retail;

2. Residential;

3. Office;

4. Restaurant; or

5. Hospitality; and

(c) "Retail" means an establishment predominantly engaged in the sale of tangible personal property subject to the tax imposed by KRS Chapter 139, but shall not include restaurants.

(4) To be considered for state participation under this program, a project shall:

(a) Be located in an area that has three (3) or more of the conditions listed in KRS 65.7049(3)(a), or be a project described in KRS 65.7049(3)(b);

(b) Be a mixed-use project;

(c) Represent new economic activity in the Commonwealth;

(d) Result in a capital investment between twenty million dollars ($20,000,000) and two hundred million dollars ($200,000,000);

(e) Not include any retail establishment that exceeds twenty thousand (20,000) square feet of finished square footage;

(f) Include pedestrian amenities and public space;~~[and]~~

(g) Result in a net positive economic impact to the Commonwealth, taking into consideration any substantial adverse impact on existing Commonwealth businesses. The net positive impact shall be certified to the authority as required by KRS 154.30-030(6)(b)***; and***

(h) Notwithstanding any provision of this section to the contrary, if a project has a residential use that comprises at least fifty percent (50%) of the total finished square footage of the proposed project:

1. The report required in KRS 154.30-030(2)(a)3.b. shall not be required; and

2. The certification required by KRS 154.30-030(6)(b) and paragraph (g) of this subsection shall not be required.

(5) The following costs may be recovered pursuant to this section:

(a) Up to one hundred percent (100%) of approved public infrastructure costs; and

(b) Up to one hundred percent (100%) of expenses for land preparation, demolition, and clearance necessary for the development to occur.

(6) The commission shall review the application, the certification required by KRS 154.30-030, and supporting information as provided in KRS 154.30-030.

(7) The authority shall specifically identify the state taxes from which incremental revenues will be pledged. The authority may pledge up to eighty percent (80%) of the incremental revenues from the identified state tax revenues from the footprint of the project, provided that the maximum amount of incremental revenues that may be pledged for a project during the term of the tax incentive agreement from all approved state taxes shall not exceed the costs and expenses determined under subsection (5) of this section.

(8) As part of the approval process, the authority shall determine the following:

(a) The footprint of the project;

(b) That the proposed project meets the requirements established by subsection (4) of this section;

(c) The maximum amount of approved public infrastructure costs and expenses for land preparation, demolition, and clearance;

(d) That the local revenues pledged to support the public infrastructure of the project and local revenues pledged to support the overall project are of a sufficient amount to warrant participation of the Commonwealth in the project;

(e) The termination date of the tax incentive agreement; and

(f) Any adjustments to be made to old revenues, in determining incremental revenues during each year of the term of the tax incentive agreement.

(9) If state income taxes or local occupational licenses taxes are included for a project that includes office space, the authority shall consider the impact of pledging these taxes on the ability to utilize other economic development projects at a later date.

(10) The pledge of state incremental tax revenues of the Commonwealth by the authority shall be implemented through the execution of a tax incentive agreement between the Commonwealth and the agency, city, or county in accordance with KRS 154.30-070.

➔Section 7. KRS 65.111 is amended to read as follows:

(1) As used in this section:

(a) "Emergency response" means a response by any first responder to a reported incident that is of such an emergent nature that jeopardizes or could jeopardize personal safety or result in the destruction of property;

(b) "Emergency response fee" means any charge or fee, other than a membership charge or subscriber fee levied under KRS Chapter 273, imposed by a fire department, whether paid or volunteer, ambulance provider, law enforcement agency, or other organization to cover the costs associated with an emergency response, including but not limited to costs incurred for labor, materials, supplies, or equipment used or provided in the response; and

(c) "First responder" means fire, police, and emergency medical personnel.

(2) ***(a)*** No local government, special district, or other provider of any emergency response service shall submit any demand for payment or require ***a landlord to pay any emergency response fee if the emergency response:***

1. Arises out of the actions of a residential tenant or his or her guest; and

2. Was not the result of any failure by the landlord to maintain a building in compliance with applicable housing, building, plumbing, electrical, fire, health, or nuisance code requirements~~[an owner of property occupied by an individual other than the owner to pay any emergency response fee that arises out of the actions of another over which the owner has no control]~~.

(b) Nothing in paragraph (a) of this subsection shall prevent a local government, special district, or other provider of any emergency response service from submitting a demand for payment of an emergency response fee from a responsible party.

➔Section 8. KRS 67C.147 is amended to read as follows:

(1) In order to maintain the tax structure, tax rates, or level of services in the area of the consolidated local government formerly comprising the city of the first class, the legislative council of a consolidated local government may provide in the manner described in this chapter for taxes and services within the area comprising the former city of the first class which are different from the taxes and services which are applicable in the remainder of the county. These differences may include differences in tax rates upon the class of property which includes the surface of the land, differences in ad valorem tax rates upon personal property, and differences in tax rates upon insurance premiums.

(2) Any difference in the ad valorem tax rate on the class of property which includes the surface of the land in the portion of the county formerly comprising the city of the first class and in the portion of the county other than that formerly comprising the city of the first class may be imposed directly by the consolidated local government council. Any change in these ad valorem tax rates shall comply with KRS 68.245, 132.010, 132.017, and 132.027 and shall be used for services as provided by KRS 82.085.

(3) If the consolidated local government council determines to provide for tax rates applicable to health insurance premiums and personal property which are different in the area formerly comprising the city of the first class than the rates applicable in the remainder of the county, it shall do so in the following manner. The consolidated local government council shall by ordinance create a tax district to be known as the "urban service tax district" bounded by the former boundaries of the former city of the first class. The ordinance shall designate the number of members of the board of this tax district and the manner in which they shall be appointed. The ordinance shall provide that the board of the tax district shall receive the income derived from the differential tax rate applicable in the area formerly comprising the city of the first class with respect to personal property, health insurance premiums, or both, and shall contract with the consolidated local government to pay all sums collected to the consolidated local government, in return for the provision of services performed by the consolidated local government within the area formerly comprising the city of the first class which services are in addition to services performed by the consolidated local government in the remainder of the county. The consolidated local government shall provide at least an annual reporting to the urban service tax district board and the legislative body of the consolidated local government containing but not limited to detailed operating and capital expenditures of each service performed by the consolidated local government.

(4) After the initial formation of an urban service tax district in a consolidated local government, the boundaries of the district may be modified in the following manner. The proposal to alter the boundaries of the urban service tax district within a consolidated local government may be initiated by:

(a) A resolution enacted by the consolidated local government describing the boundaries of the area to be added to or deleted from the tax district and duly passed and signed by the mayor not less than one hundred twenty (120) days before the next regularly scheduled election day within the county; or

(b) A petition signed by a number of qualified voters living within precincts within the area to be added to or deleted from the tax district equal to ten percent (10%) of the votes cast within each precinct in the last general election for President of the United States and delivered to the clerk of the legislative council more than one hundred twenty (120) days next preceding the next regularly scheduled election day within the county.

The boundaries so described in either case shall not cross precinct lines. The question of whether the area bounded as described should be added to or deleted from, as the case may be, the urban service tax district shall then be placed upon the ballot in the precincts in the area to be added or deleted at the next regular election and the question stated on the ballot shall be so phrased that a "Yes" vote shall be cast in favor of making the proposed change and a "No" vote shall be cast to oppose the proposed change. If a majority of those voting in those precincts support the change, then the change in the boundaries of the urban service tax district shall be implemented.

(5) (a) No later than July 1, 2025, the consolidated local government shall reimburse a fire district operating under KRS Chapter 75 for expenses related to each emergency medical response made by the fire district operating under KRS Chapter 75 into the area of the urban service tax district. A fire district so responding shall receive from the consolidated local government three hundred dollars ($300) for

transporting a person and one hundred fifty dollars ($150) for arriving at person's location when no person is transported.

(b) The payment established in paragraph (a) of this subsection shall be in addition to any insurance moneys the fire district may be eligible to receive resulting from the response.

(c) The payment established in paragraph (a) of this subsection shall be adjusted on July 1 of each year by the percentage increase in the nonseasonally adjusted annual average Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, between the two (2) most recent calendar years available, as published by the United States Bureau of Labor Statistics.

(d) The consolidated local government shall not charge a fire district operating under KRS Chapter 75 for any expenses or services that the consolidated local government was not charging the fire district prior to January 1, 2024.

(6) ***Except for services provided within the central business district as defined by the consolidated local government via ordinance as of April 1, 2024:***

(a) From July 1, 2025, to June 30, 2028, the differential tax received by the urban service tax district shall fund no less than eighty-five percent (85%) of all costs related to the services provided, including capital expenditures related to the services, within the urban service tax district by the consolidated local government as set out in this section that are in addition to the services performed by the consolidated local government in the remainder of the county***;*** ~~[.]~~

(b) From July 1, 2028, to June 30, 2031, the differential tax received by the urban service tax district shall fund no less than ninety percent (90%) of all costs related to the services provided, including capital expenditures related to the services, within the urban service tax district by the consolidated local government as set out in this section that are in addition to the services performed by the consolidated local government in the remainder of the county***;*** ~~[.]~~

(c) From July 1, 2031, to June 30, 2034, the differential tax received by the urban service tax district shall fund no less than ninety-five percent (95%) of all costs related to the services provided, including capital expenditures related to the services, within the urban service tax district by the consolidated local government as set out in this section that are in addition to the services performed by the consolidated local government in the remainder of the county***; and*** ~~[.]~~

(d) After June 30, 2034, the differential tax received by the urban service tax district shall fund no less than one hundred percent (100%) of all costs related to the services provided, including capital expenditures related to the services, within the urban service tax district by the consolidated local government as set out in this section that are in addition to the services performed by the consolidated local government in the remainder of the county.

➔SECTION 9. A NEW SECTION OF KRS 100.401 TO 100.419 IS CREATED TO READ AS FOLLOWS:

Notwithstanding any provision of KRS 100.401 to 100.419 to the contrary, a planning commission shall not waive or amend an agreed-upon binding element added by the legislative body without the approval of the legislative body of the local government exercising planning authority.

Signed by Governor March 24, 2025.

CHAPTER 57

(HB 45)

AN ACT relating to campaign finance.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 121.015 is amended to read as follows:

As used in this chapter:

(1) "Registry" means the Kentucky Registry of Election Finance;

(2) "Election" means any primary, regular, or special election to fill vacancies regardless of whether a candidate or slate of candidates is opposed or unopposed in an election. Each primary, regular, or special election shall be considered a separate election;

(3) "Committee" includes the following:

(a) "Campaign committee," which means one (1) or more persons who receive contributions and make expenditures to support or oppose one (1) or more specific candidates or slates of candidates for nomination or election to any state, county, city, or district office, that is authorized by the candidate or slate of candidates to receive contributions, make expenditures, and generally conduct a campaign for the candidate or slate of candidates, but does not include an entity established solely by a candidate which is managed solely by a candidate and a campaign treasurer and whose name is generic in nature, such as "Friends of (the candidate)," and does not reflect that other persons have structured themselves as a committee, designated officers of the committee, and assigned responsibilities and duties to each officer with the purpose of managing a campaign to support or oppose a candidate in an election;

(b) "Independent expenditure-only committee," which means one (1) or more persons who receive unlimited contributions for the purpose of making only independent expenditures to support or oppose one (1) or more specific candidates or slates of candidates for nomination or election to any state, county, city, or district office;

(c) "Caucus campaign committee," which means members of one (1) of the following caucus groups who receive contributions and make expenditures to support or oppose one (1) or more specific candidates or slates of candidates for nomination or election, or a committee:

1. House Democratic caucus campaign committee;

2. House Republican caucus campaign committee;

3. Senate Democratic caucus campaign committee;

4. Senate Republican caucus campaign committee; or

5. Subdivisions of the state executive committee of a minor political party, which serve the same function as the above-named committees, as determined by regulations promulgated by the registry;

(d) "Political issues committee," which means three (3) or more persons joining together to advocate or oppose a~~[constitutional amendment or public question which appears on the]~~ ballot ***measure*** if that committee receives or expends money in excess of one thousand dollars ($1,000);

(e) "Permanent committee," which means a group of individuals, including an association, committee, or organization, other than a campaign committee, independent expenditure-only committee, federally registered political committee, political issues committee, inaugural committee, caucus campaign committee, or party executive committee, which is established as, or intended to be, a permanent organization having as a primary purpose expressly advocating the election or defeat of one (1) or more clearly identified candidates, slates of candidates, or political parties, which functions on a regular basis throughout the year;

(f) An executive committee of a political party; and

(g) "Inaugural committee," which means one (1) or more persons who receive contributions and make expenditures in support of inauguration activities for any candidate or slate of candidates elected to any state, county, city, or district office;

(4) "Contributing organization" means a group which merely contributes to candidates, slates of candidates, campaign committees, caucus campaign committees, or executive committees from time to time from funds derived solely from within the group, and which does not solicit or receive funds from sources outside the group itself. Any contributions made by the groups in excess of one hundred dollars ($100) shall be reported to the registry;

(5) "Testimonial affair" means an affair held in honor of a person who holds or who is or was a candidate for nomination or election to a political office in this state designed to raise funds for any purpose not charitable, religious, or educational;

(6) "Contribution" means any:

(a) Payment, distribution, loan, deposit, or gift of money or other thing of value, to a candidate, his or her agent, a slate of candidates, its authorized agent, a committee, or contributing organization. As used in this subsection, "loan" shall include a guarantee, endorsement, or other form of security where the risk of nonpayment rests with the surety, guarantor, or endorser, as well as with a committee, contributing organization, candidate, slate of candidates, or other primary obligor. No person shall become liable as surety, endorser, or guarantor for any sum in any one (1) election which, when combined with all other contributions the individual makes to a candidate, his or her agent, a slate of candidates, its agent, a committee, or a contributing organization, exceeds the contribution limits provided in KRS 121.150;

(b) Payment by any person other than the candidate, his or her authorized treasurer, a slate of candidates, its authorized treasurer, a committee, or a contributing organization, of compensation for the personal services of another person which are rendered to a candidate, slate of candidates, committee, or contributing organization, or for inauguration activities;

(c) Goods, advertising, or services with a value of more than one hundred dollars ($100) in the aggregate in any one (1) election which are furnished to a candidate, slate of candidates, committee, or contributing organization or for inauguration activities without charge, or at a rate which is less than the rate normally charged for the goods or services; or

(d) Payment by any person other than a candidate, his or her authorized treasurer, a slate of candidates, its authorized treasurer, a committee, or contributing organization for any goods or services with a value of more than one hundred dollars ($100) in the aggregate in any one (1) election which are utilized by a candidate, slate of candidates, committee, or contributing organization, or for inauguration activities;

(7) Notwithstanding the foregoing meanings of "contribution," the word shall not be construed to include:

(a) Services provided without compensation by individuals volunteering a portion or all of their time on behalf of a candidate, a slate of candidates, committee, or contributing organization;

(b) A loan of money by any financial institution doing business in Kentucky made in accordance with applicable banking laws and regulations and in the ordinary course of business; or

(c) An independent expenditure by any individual or permanent committee;

(8) "Candidate" means any person who has received contributions or made expenditures, has appointed a campaign treasurer, or has given his or her consent for any other person to receive contributions or make expenditures with a view to bringing about his or her nomination or election to ***a nonfederal*** public office, except ***as provided in subsection (10)(b) of Section 8 of this Act*** ~~[federal office]~~;

(9) "Slate of candidates" means:

(a) Between the time a certificate or petition of nomination has been filed for a candidate for the office of Governor under KRS 118.365 and the time the candidate designates a running mate for the office of Lieutenant Governor under KRS 118.126, a slate of candidates consists of the candidate for the office of Governor; and

(b) After that candidate has designated a running mate under KRS 118.126, that same slate of candidates consists of that same candidate for the office of Governor and the candidate's running mate for the office of Lieutenant Governor. Unless the context requires otherwise, any provision of law that applies to a candidate shall also apply to a slate of candidates;

(10) "Knowingly" means, with respect to conduct or to a circumstance described by a statute defining an offense, that a person is aware or should have been aware that his or her conduct is of that nature or that the circumstance exists;

(11) "Fundraiser" means an individual who directly solicits and secures contributions on behalf of a candidate or slate of candidates for a statewide-elected state office or an office in a jurisdiction with a population in excess of two hundred thousand (200,000) residents;

(12) "Independent expenditure" means***:***

(a) The expenditure of money or other things of value for a communication which expressly advocates the election or defeat of a clearly identified candidate or slate of candidates, and which***:***

1. Is made without any coordination, consultation, or cooperation with any candidate, slate of candidates, campaign committee, or any authorized person acting on behalf of any of them~~[,]~~***;*** and~~[which]~~

2. Is not made in concert with, or at the request or suggestion of any candidate, slate of candidates, campaign committee, or any authorized person acting on behalf of any of them; ***or***

(b) The expenditure of money or other things of value for a communication which expressly advocates or opposes a ballot measure, and which:

1. Is made without any coordination, consultation, or cooperation with any political issues committee, or any authorized person acting on behalf of a political issues committee; and

2. Is not made in concert with, or at the request or suggestion of, any political issues committee, or any authorized person acting on behalf of a political issues committee;

(13) "Electronic reporting" means the use of technology, having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities, by which an individual or other entity submits, compiles, or transmits campaign finance reports to the registry, or by which the registry receives, stores, analyzes, or discloses the reports;

(14) "Security procedure" means a procedure employed for the purpose of verifying that an electronic signature, record, or performance is that of a specific person or for detecting changes or errors in the information in an electronic record. The term includes a procedure that requires the use of algorithms or other codes, identifying words or numbers, encryption, or callback or other acknowledgment procedures;

(15) "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record;

(16) "Filer" means any candidate, a slate of candidates, committee, or other individual or entity required to submit financial disclosure reports to the registry;

(17) "Filer-side software" means software provided to or used by the filer that enables transmittal of financial reports to the registry;

(18) "Form" means an online web page or an electronic document designed to capture, validate, and submit data for processing to the registry, unless the context otherwise prescribes;~~[and]~~

(19) "Reasonable cause" means an event, happening, or circumstance entirely beyond the knowledge or control of the candidate, slate of candidates, or committee, which has exercised due care and prudence in maintaining the records of the campaign or committee pursuant to statute or administrative regulation***;***

(20) "Foreign national" means:

(a) An individual who is not a citizen or lawful permanent resident of the United States;

(b) A government, political subdivision, or municipality of a foreign country;

(c) A foreign political party;

(d) Any entity, including but not limited to a partnership, association, corporation, organization, or other combination of persons, that is organized under the laws of or has its principal place of business in a foreign country; or

(e) Any entity in the United States, including but not limited to a partnership, association, corporation, or organization that is wholly or majority owned by any foreign national, unless:

1. Any contribution or expenditure the entity makes derives entirely from funds generated by the entity's United States operations; and

2. All decisions concerning the contribution or expenditure, except for setting overall budget amounts, are made by individuals who are United States citizens or permanent residents;

(21) "Ballot measure" means a question, other than the nomination or election of a candidate for public office, which has been:

(a) Approved by a political subdivision or the General Assembly and is required by law to be placed before the voters of the territory affected; or

(b) Initiated or referred by citizen petition as authorized by KRS 242.020 and placed before the voters of the territory affected;

(22) "Preliminary activity" includes but is not limited to:

(a) Participating in focus groups;

(b) Making telephone calls;

(c) Traveling;

(d) Conducting polls; and

(e) Drafting ballot measure language; and

(23) "Tax-exempt organization" means an organization described in 26 U.S.C. sec. 501(c) and exempt from federal taxation under 26 U.S.C. sec. 501(a). This subsection shall not be construed to treat a political organization under 26 U.S.C. sec. 527 as a tax-exempt organization for purposes of this chapter.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 121 IS CREATED TO READ AS FOLLOWS:

(1) Upon registering a political issues committee, the treasurer shall file an accompanying certification that no preliminary activity was directly or indirectly funded by a foreign national.

(2) After a political issues committee has been registered, the committee shall not knowingly or willfully receive, solicit, or accept contributions or expenditures that are directly or indirectly funded by a foreign national.

(3) A political issues committee shall affirm in its report that it has not knowingly or willfully received, solicited, or accepted contributions or expenditures from a foreign national.

(4) Any person who makes an independent expenditure in support or opposition of a ballot measure shall keep records of any contribution or independent expenditure and retain those records for six (6) years following the date the contribution or expenditure was made.

(5) A political issues committee that receives a contribution or makes expenditures shall keep records of any contribution received or expenditure made and retain those records for six (6) years following the date the contribution was received or the expenditure was made.

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 121 IS CREATED TO READ AS FOLLOWS:

(1) Upon a political issues committee's receipt of a contribution, the treasurer shall obtain from the donor an affirmation that the donor is not a foreign national and has not knowingly or willfully accepted funds aggregating in excess of one hundred thousand dollars ($100,000) from a foreign national during the four (4) years immediately preceding the date the contribution was made.

(2) The treasurer of a political issues committee shall affirm in its report that the donor associated with each contribution is not a foreign national and has not knowingly or willfully received, solicited, or accepted, whether directly or indirectly, contributions or expenditures aggregating in excess of one hundred thousand dollars ($100,000) from a foreign national during the four (4) years immediately preceding the date the contribution was made.

(3) Within forty-eight (48) hours of making an independent expenditure supporting or opposing a ballot measure, the person or entity making the expenditure shall:

(a) Certify to the registry that the person or entity has not knowingly or willfully accepted funds aggregating in excess of one hundred thousand dollars ($100,000) from a foreign national for four (4) years immediately preceding the date the expenditure was made, and that it will not do so through the remainder of the calendar year in which the ballot measure will appear on the ballot; and

(b) Affirm in the person's or entity's report that the person or entity has not knowingly or willfully accepted funds aggregating in excess of one hundred thousand dollars ($100,000) from a foreign national during the four (4) years immediately preceding the date the expenditure was made.

(4) Any determination that an entity required to file one (1) or more certifications under subsection (1) or (3)(a) of this section has accepted funds aggregating in excess of one hundred thousand dollars ($100,000) from one (1) or more foreign nationals during the four (4) years immediately preceding the date the contribution or independent expenditure at issue was made shall create a presumption that the person or political issues committee has violated this section.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 121 IS CREATED TO READ AS FOLLOWS:

(1) A foreign national shall not, directly or indirectly:

(a) Make a donation, contribution, or expenditure in support or opposition of a ballot measure;

(b) Solicit another person to make a donation, contribution, or expenditure to influence a ballot measure; or

(c) Direct, dictate, control, or participate in another person's decision to influence a ballot measure.

(2) Nothing in this section shall be deemed to create or eliminate any donor disclosure rights or duties beyond those specifically enumerated in Section 6 of this Act.

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 121 IS CREATED TO READ AS FOLLOWS:

(1) The registry may bring a civil action to enforce Sections 2 and 3 of this Act and a committee, person, or entity alleged to have violated Section 2 or 3 of this Act shall be provided full opportunity of notice, discovery, and an opportunity to be heard before being found liable for a violation of Section 2 or 3 of this Act.

(2) In all actions brought under subsection (1) of this section, the registry bears the burden of proof and the action shall proceed as follows:

(a) Prior to discovery, the court shall set a hearing to determine whether there is probable cause that a committee or person has violated Section 2 or 3 of this Act;

(b) If, after the hearing in paragraph (a) of this subsection, the court determines that no probable cause exists to believe that a violation of Section 2 or 3 of this Act has occurred, the court shall enter an order of dismissal with prejudice;

(c) If, after the hearing in paragraph (a) of this subsection, the court determines that probable cause does exist to believe that a violation of Section 2 or 3 of this Act has occurred, the court shall enter an order to that effect and the case shall proceed to trial on an expedited basis. Subject to Section 6 of this Act, the entity alleged to have violated Section 2 or 3 of this Act may, prior to the scheduling of trial, present evidence sufficient to rebut the finding of probable cause by making an ex parte presentation of records to the court for in camera review; and

(d) The losing party under paragraph (c) of this subsection has the right to:

1. An interlocutory expedited appeal; and

2. A stay of proceedings in the trial court.

(3) Within thirty (30) days of a finding that a committee has violated Section 2 or 3 of this Act, the committee shall refund the contribution to the original contributor. In the event of an appeal, the contribution shall be placed in escrow, after which the funds shall be disbursed in accordance with the final order. If the committee is unable to return the funds, the directors, officers, or executive members of the committee shall be liable in their personal capacity, jointly and severally, for the refund of said funds.

(4) Within thirty (30) days of a finding that any person or entity required to report independent expenditures has violated Section 2 or 3 of this Act, the person or entity making the independent expenditure shall disgorge funds in an amount equal to the reported cost of the independent expenditure to the registry. If the entity is unable to disgorge the requisite funds, the directors, officers, or executive members of the entity shall be liable in their personal capacities, jointly and severally, for the payment of the amount due. In the event of an appeal, the funds subject to disgorgement shall be placed in escrow, after which they shall be disbursed in accordance with the final order.

(5) If any lobbyist, as defined in KRS 11A.010, violates Section 2 or 3 of this Act, the lobbyist's registration may be revoked or suspended and the lobbyist may be enjoined from receiving compensation or making expenditures for lobbying.

(6) If the registry prevails in an action brought under this section, the court may award:

(a) Injunctive relief sufficient to prevent the defendant from violating or engaging in acts that aid or abet violations of Sections 2 and 3 of this Act; and

(b) Statutory damages up to two (2) times the amount of the prohibited contribution or expenditure.

(7) In addition to the penalties in subsection (6) of this section, and any other remedies provided by law, if the court finds a knowing or willful violation of Section 2 or 3 of this Act, the court may assess a penalty of up to three (3) times the statutory damages.

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 121 IS CREATED TO READ AS FOLLOWS:

(1) A lawful donor to a tax-exempt organization possesses a right of privacy in his or her donations. Any investigation of an alleged violation of Section 2 or 3 of this Act, or lawful court order in an action brought under Section 5 of this Act, shall shield the identity of lawful donors as far as possible. A state or local governmental entity, court, or officer of the court shall not collect or require the submission of information on the identity of any donor to a tax-exempt organization other than those directly related to an alleged violation of Section 2 or 3 of this Act.

(2) A state or local governmental entity, court, or officer of the court shall not disclose to the public, or to another government official not directly involved in the investigation, information revealing the identity of any donor to a tax-exempt organization, unless the information is regarding the identity of a donor that engaged in conduct prohibited by Section 2 or 3 of this Act after a final determination has been made that the donor violated Section 2 or 3 of this Act.

(3) Any state or local governmental entity, court, or officer of the court who knowingly or willfully violates subsection (2) of this section shall be guilty of a Class A misdemeanor.

➔Section 7. KRS 121.175 is amended to read as follows:

(1) No candidate, committee, or contributing organization shall permit funds in a campaign account to be expended for any purpose other than for allowable campaign expenditures. "Allowable campaign expenditures" means expenditures including reimbursement for actual expenses, made directly and primarily in support of or opposition to a candidate, constitutional amendment, or public question which will appear on the ballot and includes, but is not limited to, expenditures for staff salaries, gifts and meals for volunteer campaign workers ***and fundraisers***, food and beverages provided at a campaign rally, advertising, office space, necessary travel if reported, campaign paraphernalia, purchases of advertisements in athletic and scholastic publications, communications with constituents or prospective voters, polling and consulting, printing, graphic arts, or advertising services, postage, office supplies, stationery, newsletters, and equipment which is used primarily for the administration of the campaign, or for fees incurred from legal services while defending a matter before the Kentucky Legislative Ethics Commission in which the final adjudication is rendered in favor of the candidate. "Allowable campaign expenditures" does not include necessary travel unless reported, expenditures of funds in a campaign account for any purpose made unlawful by other provisions of the Kentucky Revised Statutes or which would bestow a private pecuniary benefit, except for payment of the reasonable value of goods and services provided upon a candidate, member of the candidate's family, committee, or contributing organization, or any of their employees, paid or unpaid, including: tickets to an event which is unrelated to a political campaign or candidacy; items of personal property for distribution to prospective voters except items bearing the name, likeness, or logo of a candidate or a campaign-related communication; expenditures to promote or oppose a candidacy for a leadership position in a governmental, professional, or political organization, or other entity; and equipment or appliances the primary use of which is for purposes outside of the campaign. The provisions of KRS 121.190 notwithstanding, a candidate shall not be required to include a disclaimer on campaign stationery purchased with funds from his campaign account.

(2) A member of the General Assembly may utilize funds in his or her campaign account to:

(a) Contribute up to five thousand dollars ($5,000) per year to a political party or caucus campaign committee;

(b) ***Contribute directly to another candidate, slate of candidates, political party, or caucus campaign committee until his or her campaign funds have been exhausted and the account has been closed, if the amount of the contribution does not exceed the contribution limits contained in KRS 121.150(6) and (11);***

(c) Make allowable campaign expenditures in both election years and nonelection years;

(d)~~[(c)]~~ Upon approval by the President of the Senate or the Speaker of the House of Representatives, depending on the member's chamber:

1. Attend a conference, meeting, reception, or similar event; or

2. Attend an educational course or seminar that maintains or improves skills employed by the member in carrying out the duties of his or her elective office; and

(e)~~[(d)]~~ Pay for fees incurred from legal services while defending a matter arising from his or her campaign or election or the performance of his or her official duties.

(3) ~~[By December 31, 1993,]~~The registry shall promulgate administrative regulations to implement and enforce the provisions of subsection (1) of this section.

(4) In lieu of the penalties provided in KRS 121.140 and 121.990 for a violation of this section, the registry may, after hearing:

(a) For a violation which was not committed knowingly, order the violator to repay the amount of campaign funds which were expended for other than allowable campaign expenditures, and if not repaid within thirty (30) days, may impose a fine of up to one hundred dollars ($100) for each day the amount is not repaid, up to a maximum fine of one thousand dollars ($1,000); and

(b) For a violation which was committed knowingly, in addition to referring the matter for criminal prosecution, order the violator to repay the amount of campaign funds which were expended for other than allowable campaign expenditures, and if not repaid within thirty (30) days, may impose a fine of up to one hundred dollars ($100) for each day the amount is not repaid, up to a maximum fine of one thousand dollars ($1,000).

➔Section 8. KRS 121.180 is amended to read as follows:

(1) (a) 1. Persons becoming a candidate as defined in KRS 121.015(8) or slate of candidates as defined in KRS 121.015(9), or a political issues committee as defined in KRS 121.015(3)(d), shall submit a form prescribed and furnished by the registry indicating whether they intend to raise or spend in excess of five thousand dollars ($5,000) in any one (1) election, or that contributions will not be accepted or expended in excess of five thousand dollars ($5,000) in any one (1) election. Candidates and slates of candidates shall submit this form to the registry within five (5) days of receiving contributions or making expenditures with a view to bringing about his or her nomination or election to public office, or within five (5) days of filing papers to run for public office, whichever is sooner. Candidates and slates of candidates who advance to a regular election following a primary shall submit this form to the registry within five (5) days after the date of the primary. Political issues committees shall submit the form to the registry within five (5) days of meeting the definition of political issues committee in KRS 121.015(3)(d).

2. Each candidate, slate of candidates, or political issues committee indicating that contributions will not be accepted or expended in excess of five thousand dollars ($5,000) in any one (1) election shall be exempt from filing any campaign finance reports required by subsection (3) of this section.

3. A separate form shall be required for each primary, regular, or special election in which the candidate or slate of candidates participates or in which the public question appears on the ballot. The form shall be submitted by means of electronic filing with the registry.

4. Any person acting as a candidate or slate of candidates by receiving contributions or making expenditures with a view to bringing about his or her nomination or election to public office, or filing papers to run for public office, or group of persons acting as a political issues committee, who fails to file this form as required, or who fails to remedy a deficiency within five (5) days, may be fined by the registry an amount not to exceed two hundred dollars ($200) per day, up to a maximum total fine of five thousand dollars ($5,000).

(b) For a primary, a candidate or slate of candidates shall file a request for exemption not later than the deadline described in paragraph (a) of this subsection for filing nomination papers and, except as provided in subparagraph 2. of paragraph (c) of this subsection, shall be bound by its terms unless it is rescinded in writing not later than thirty (30) days preceding the primary. For a regular election, a candidate or slate of candidates shall file or rescind in writing a request for exemption not later than sixty (60) days preceding the regular election, except as provided in subparagraph 2. of paragraph (c) of this subsection. For a special election, a candidate or slate of candidates shall file a request for exemption not later than ten (10) days after the candidate or slate of candidates is nominated for a special election and shall be bound by its terms unless it is rescinded in writing not later than thirty (30) days preceding the special election. A political issues committee chair shall file a request for exemption when the committee registers with the registry and shall be bound by its terms unless it is rescinded in writing not later than thirty (30) days preceding the date the issue appears on the ballot.

(c) 1. A candidate or slate of candidates that revokes a request for exemption in a timely manner shall file all reports required of a candidate intending to raise or spend in excess of five thousand dollars ($5,000) in an election. To revoke the request for an exemption, the candidate or slate of

candidates shall file the appropriate form with the registry not later than the deadline for filing a revocation.

2. A candidate or slate of candidates that is exempted from campaign finance reporting requirements pursuant to paragraph (a) of this subsection but who accepts contributions or makes expenditures in excess of the exempted amount in an election, shall file all applicable reports required for the remainder of that election, based upon the amount of contributions or expenditures the candidate or slate of candidates accepts or receives in that election.

(d) Any candidate or slate of candidates that is subject to a June or August filing deadline and that intends to execute a request for exemption shall file the appropriate request for exemption not later than the deadline described in paragraph (a) of this subsection and, except as provided in subparagraph 2. of paragraph (c) of this subsection, shall be bound by its terms unless it is rescinded in writing not later than sixty (60) days preceding the regular election. A candidate or slate of candidates that is covered by this paragraph shall have the same reversion rights as those provided in subparagraph 1. of paragraph (c) of this subsection.

(e) Any candidate or slate of candidates that will appear on the ballot in a regular election that has signed a request for exemption for that election may exercise the reversion rights provided in subparagraph 1. of paragraph (c) of this subsection if a candidate or slate of candidates that is subject to a June or August filing deadline subsequently files in opposition to the candidate or slate of candidates. Except as provided in subparagraph 2. of paragraph (c) of this subsection, a candidate or slate of candidates covered by this paragraph shall comply with the deadline for rescission provided in subparagraph 1. of paragraph (c) of this subsection.

(f) Except as provided in subparagraph 2. of paragraph (c) of this subsection, any candidate or slate of candidates that has filed a request for exemption for a regular election that later is opposed by a person who has filed a declaration of intent to receive write-in votes may rescind the request for exemption and exercise the reversion rights provided in subparagraph 1. of paragraph (c) of this subsection.

(g) Any candidate or slate of candidates that has filed a request for exemption may petition the registry to determine whether another person is campaigning as a write-in candidate prior to having filed a declaration of intent to receive write-in votes, and, if the registry determines upon a preponderance of the evidence that a person who may later be a write-in candidate is conducting a campaign, the candidate or slate of candidates, except as provided in subparagraph 2. of paragraph (c) of this subsection, may petition the registry to permit the candidate or slate of candidates to exercise the reversion rights provided in subparagraph 1. of paragraph (c) of this subsection.

(h) If the opponent of a candidate or slate of candidates is replaced due to his or her withdrawal because of death, disability, or disqualification, the candidate or slate of candidates, except as provided in subparagraph 2. of paragraph (c) of this subsection, may exercise the reversion rights provided in subparagraph 1. of paragraph (c) of this subsection not later than fifteen (15) days after the party executive committee nominates a replacement for the withdrawn candidate or slate of candidates.

(i) A person intending to be a write-in candidate for any office in a regular or special election may execute a request for exemption under paragraph (a) of this subsection and shall be bound by its terms unless it is rescinded in writing not later than fifteen (15) days preceding the regular or special election. A person intending to be a write-in candidate who revokes a request for exemption in a timely manner shall file all reports required of a candidate intending to raise or spend in excess of five thousand dollars ($5,000) in an election. Except as provided in subparagraph 2. of paragraph (c) of this subsection, a person intending to be a write-in candidate who revokes a request for exemption shall file the appropriate form with the registry.

(j) Except as provided in subparagraph 2. of paragraph (c) of this subsection, the campaign committee of any candidate or slate of candidates that has filed a request for exemption or a political issues committee whose chair has filed a request for exemption shall be bound by its terms unless it is rescinded in a timely manner.

(k) 1. Except as provided in subparagraph 2. of paragraph (c) of this subsection, any candidate, slate of candidates, or political issues committee that is exempt from filing campaign finance reports pursuant to paragraph (a), (d), or (i) of this subsection that accepts contributions or makes expenditures, or whose campaign treasurer accepts contributions or makes expenditures, in excess of the applicable limit in any one (1) election without rescinding the request for

exemption in a timely manner shall comply with all applicable reporting requirements and, in lieu of other penalties prescribed by law, pay a fine of not less than five hundred dollars ($500).

2. Except as provided in subparagraph 2. of paragraph (c) of this subsection, a candidate, slate of candidates, campaign committee, or political issues committee that is exempt from filing campaign finance reports pursuant to paragraph (a), (d), or (i) of this subsection that knowingly accepts contributions or makes expenditures in excess of the applicable spending limit in any one (1) election without rescinding the request for exemption in a timely manner shall comply with all applicable reporting requirements and shall be guilty of a Class D felony.

(l) 1. Any candidate exempt from filing under this subsection for a primary shall file a report described in subsection (4) of this section.

2. Any candidate exempt from filing under this subsection for a primary who advances to the regular election shall file for an additional exemption under this section for the regular election or the candidate shall no longer be exempt from the filing requirements.

3. In the event a candidate exempt from filing under this subsection is no longer eligible for the exemption, he or she shall immediately file for a revocation of the exemption under paragraph (c) of this subsection.

(2) (a) State and county executive committees, and caucus campaign committees shall make a full report, upon a prescribed form, to the registry, of all money, loans, or other things of value, received from any source, and expenditures authorized, incurred, or made, since the date of the last report, including:

1. For each contribution of any amount made by a permanent committee, the name and business address of the permanent committee, the date of the contribution, the amount contributed, and a description of the major business, social, or political interest represented by the permanent committee;

2. For other contributions in excess of one hundred dollars ($100), the full name, address, age if less than the legal voting age, the date of the contribution, the amount of the contribution, and the employer and occupation of each contributor. If the contributor is self-employed, the name under which he or she is doing business shall be listed;

3. The total amount of cash contributions received during the reporting period; and

4. A complete statement of expenditures authorized, incurred, or made. The complete statement of expenditures shall include the name and address of each person to whom an expenditure is made in excess of twenty-five dollars ($25), and the amount, date, and purpose of each expenditure.

(b) In addition to the reporting requirements in paragraph (a) of this subsection, the state executive committee of a political party that has established a building fund account under KRS 121.172 shall make a full report, upon a prescribed form, to the registry, of all contributions received from any source, and expenditures authorized, incurred, or made, since the date of the last report for the separate building fund account, including:

1. For each contribution of any amount made by a corporation, the name and business address of the corporation, the date of the contribution, the amount contributed, and a description of the major business conducted by the corporation;

2. For other contributions in excess of one hundred dollars ($100), the full name and address of the contributor, the date of the contribution, the amount of the contribution, and the employer and occupation of each contributor. If the contributor is self-employed, the name under which he or she is doing business shall be listed;

3. The total amount of cash contributions received during the reporting period; and

4. A complete statement of expenditures authorized, incurred, or made. The complete statement of expenditures shall include the name and address of each person to whom an expenditure is made in excess of twenty-five dollars ($25), and the amount, date, and purpose of each expenditure.

(c) The report required by paragraph (a) of this subsection shall be made on a semiannual basis if the committee has more than ten thousand dollars ($10,000) in its campaign fund account, and shall be received by the registry by January 31 and by July 31. The January report shall cover the period from July 1 to December 31. The July report shall cover the period from January 1 to June 30. If the

committee has less than ten thousand dollars ($10,000) in its campaign fund account the report required by paragraph (a) of this subsection shall be made on an annual basis, and shall be received by the registry by January 31. If an individual gives a reportable contribution to a caucus campaign committee or to a state or county executive committee with the intention that the contribution or a portion of the contribution go to a candidate or slate of candidates, the name of the contributor and the sum shall be indicated on the committee report. The report required by paragraph (b) of this subsection relating to a state executive committee's building fund account shall be received by the registry within two (2) business days after the close of each calendar quarter. The receipts and expenditures of funds remitted to each political party under KRS 141.071 to 141.073 shall be separately accounted for and reported to the registry in the manner required by KRS 121.230. The separate report may be made a separate section within the report required by this subsection to be received by the registry by January 31.

(3) (a) Except for candidates or slates of candidates, campaign committees, or political issues committees exempted from reporting requirements pursuant to subsection (1) of this section, each campaign treasurer of a candidate, slate of candidates, campaign committee, or political issues committee who accepts contributions or expends, expects to accept contributions or expend, or contracts to expend more than five thousand dollars ($5,000) in any one (1) election, and each fundraiser who secures contributions in excess of five thousand dollars ($5,000) in any one (1) election, shall make a full report to the registry, on a form provided or using a format approved by the registry, of all money, loans, or other things of value, received from any source, and expenditures authorized, incurred, and made, since the date of the last report, including:

1. For each contribution of any amount made by a permanent committee, the name and business address of the permanent committee, the date of the contribution, the amount contributed, and a description of the major business, social, or political interest represented by the permanent committee;

2. For each contribution in excess of one hundred dollars ($100) made to any candidate or campaign committee or a political issues committee, the full name, address, age if less than the legal voting age, the date of the contribution, the amount of the contribution, and the employer and occupation of each other contributor. If the contributor is self-employed, the name under which he or she is doing business shall be listed;

3. The total amount of cash contributions received during the reporting period; and

4. A complete statement of all expenditures authorized, incurred, or made. The complete statement of expenditures shall include the name, address, and occupation of each person to whom an expenditure is made in excess of twenty-five dollars ($25), and the amount, date, and purpose of each expenditure.

(b) Reports of all candidates, slates of candidates, campaign committees, independent expenditure-only committees, political issues committees, and registered fundraisers shall be made as follows:

1. a. Candidates seeking statewide office, slates of candidates, campaign committees for candidates seeking statewide office and for slates of candidates, independent expenditure-only committees, political issues committees, and fundraisers which file the form described in subsection (1)(a) of this section before the year of an election in which the candidate, a slate of candidates, or public question shall appear on the ballot, shall file financial reports with the registry at the end of the first calendar quarter after persons become statewide candidates or slates of candidates, or following registration of the committee or fundraiser, and each calendar quarter thereafter, ending with the last calendar quarter of that year. The provisions of this subparagraph shall be retroactive to January 1, 2021;

b. All other candidates and campaign committees shall file annual financial reports to be received by the registry on or before December 1 for each year that a candidate is not yet on the ballot but has filed a form as described in subsection (1)(a) of this section with the registry for a future-year election; and

c. Candidates, slate of candidates, or committees shall make all reports required by subparagraphs 2. to 5. of this paragraph during the year in which the election takes place;

2. All candidates, slates of candidates, campaign committees, independent expenditure-only committees, political issues committees, and registered fundraisers shall make reports on the sixtieth day preceding a regular election, including all previous contributions and expenditures;

3. All candidates, slates of candidates, campaign committees, independent expenditure-only committees, political issues committees, and registered fundraisers shall make reports on the thirtieth day preceding an election, including all previous contributions and expenditures;

4. All candidates, slates of candidates, campaign committees, independent expenditure-only committees, political issues committees, and registered fundraisers shall make reports on the fifteenth day preceding the date of the election; and

5. All reports to the registry shall cover campaign activity during the entire reporting period and must be received by the registry within two (2) business days after the date the reporting period ends to be deemed timely filed.

(4) All candidates, regardless of funds received or expended, campaign committees, independent expenditure-only committees, political issues committees, and registered fundraisers shall make post-election reports within thirty (30) days after the election. All post-election reports to the registry shall cover campaign activity during the entire reporting period and must be received by the registry within two (2) business days after the date the reporting period ends to be deemed timely filed. For candidates, slates of candidates, and political issues committees otherwise exempt under subsection (1)(a) of this section, the reporting period begins the day the request for exemption is filed with the registry and continues through the thirtieth day after the election.

(5) In making the preceding reports, the total gross receipts from each of the following categories shall be listed: proceeds from the sale of tickets for events such as testimonial affairs, dinners, luncheons, rallies, and similar fundraising events, mass collections made at the events, and sales of items such as campaign pins, buttons, hats, ties, literature, and similar materials. When any individual purchase or the aggregate purchases of any item enumerated above from a candidate or slate of candidates for a statewide-elected state office or a campaign committee for a candidate or slate of candidates for a statewide-elected state office exceeds one hundred dollars ($100), the purchaser shall be identified by name, address, age, if less than the legal voting age, occupation, and employer or, if the purchaser is self-employed, the name under which he or she is doing business, and the amount of the purchase. When any individual purchase or the aggregate purchases of any item enumerated above from any candidate or campaign committee other than a candidate or slate of candidates for a statewide-elected state office or campaign committee for a candidate or slate of candidates for a statewide-elected state office exceeds one hundred dollars ($100), the purchaser shall be identified by name, address, age if less than the legal voting age, occupation, and employer or, if the purchaser is self-employed, the name under which he or she is doing business, and the amount of the purchase. The lists shall be maintained by the campaign treasurer, political issues committee treasurer, registered fundraiser, or other sponsor for inspection by the registry for six (6) years following the date of the election.

(6) Each permanent committee, except a federally registered political committee as defined in 52 U.S.C. sec. 30101(4)(a), inaugural committee, or contributing organization shall make a full report to the registry, on a form provided or using a format approved by the registry, of all money, loans, or other things of value, received by it from any source, and all expenditures authorized, incurred, or made, since the date of the last report, including:

(a) For each contribution of any amount made by a permanent committee, the name and business address of the permanent committee, the date of the contribution, the amount contributed, and a description of the major business, social, or political interest represented by the permanent committee;

(b) For other contributions in excess of one hundred dollars ($100), the full name, address, age if under the legal voting age, the date of the contribution, the amount of the contribution, and the employer and occupation of each contributor. If the contributor is self-employed, the name under which he or she is doing business shall be listed;

(c) An aggregate amount of cash contributions, the amount contributed by each contributor, and the date of each contribution; and

(d) A complete statement of all expenditures authorized, incurred, or made, including independent expenditures. This report shall be made by a permanent committee, inaugural committee, or contributing organization to the registry on the last day of the first calendar quarter following the registration of the committee with the registry and on the last day of each succeeding calendar quarter until such time as the committee terminates. A contributing organization shall file a report of

contributions received and expenditures on a form provided or using a format approved by the registry not later than the last day of each calendar quarter in which contributions are received or expenditures are made. All reports to the registry shall be received on or before each filing deadline, and any report received by the registry within two (2) business days after each filing deadline shall be deemed timely filed.

(7) If the final statement of a candidate, campaign committee, independent expenditure-only committee, or political issues committee shows an unexpended balance of contributions, continuing debts and obligations, or an expenditure deficit, the campaign treasurer shall file with the registry a supplemental statement of contributions and expenditures not more than thirty (30) days after the deadline for filing the final statement. Subsequent supplemental statements shall be filed annually, to be received by the registry by December 1 of each year, until the account shows no unexpended balance, continuing debts and obligations, expenditures, or deficit. All post-election reports to the registry shall cover campaign activity during the entire reporting period and must be received by the registry within two (2) business days after the date the reporting period ends to be deemed timely filed. All contributions shall be subject to KRS 121.150 as of the date of the election in which the candidate appeared on the ballot.

(8) All reports filed under the provisions of this chapter shall be a matter of public record open to inspection by any member of the public immediately upon receipt of the report by the registry.

(9) A candidate or slate of candidates is relieved of the duty personally to file reports and keep records of receipts and expenditures if the candidate or slate states in writing or on forms provided by the registry that:

(a) Within five (5) business days after personally receiving any contributions, the candidate or slate of candidates shall surrender possession of the contributions to the treasurer of their campaign committee without expending any of the proceeds thereof. No contributions shall be commingled with the candidate's or slated candidates' personal funds or accounts. Contributions received by check, money order, or other written instrument shall be endorsed directly to the campaign committee and shall not be cashed or redeemed by the candidate;

(b) The candidate or slate of candidates shall not make any unreimbursed expenditure for the campaign, except that this paragraph does not preclude a candidate or slate from making an expenditure from personal funds to the designated campaign committee, which shall be reported by the committee as a contribution received; and

(c) The waiver shall continue in effect as long as the candidate or slate of candidates complies with the conditions under which it was granted.

(10) (a) No candidate, slate of candidates, campaign committee, independent expenditure-only committee, political issues committee, or contributing organization shall use or permit the use of contributions or funds solicited or received for the person or in support of or opposition to a public issue which will appear on the ballot to:

1. Further the candidacy of the person for a different public office;

2. Support or oppose a different public issue; or

3. Further the candidacy of any other person for public office.

(b) Nothing in this subsection shall be deemed to prohibit a candidate or slate of candidates from using funds in a campaign account to ***contribute directly to another candidate or slate of candidates for state or federal office, or to*** purchase admission tickets for~~[, or contribute to,]~~ any fundraising event or testimonial affair for another candidate or slate of candidates ***for state or federal office,*** if the amount of the purchase or contribution does not exceed the individual contribution limit contained in KRS 121.150(6) ***or 52 U.S.C. sec. 30116*** in any one (1) election.

(c) Any funds or contributions solicited or received by or on behalf of a candidate, slate of candidates, or any committee, which has been organized in whole or in part to further any candidacy for the same person or to support or oppose the same public issue, shall be deemed to have been solicited or received for the current candidacy or for the election on the public issue if the funds or contributions are solicited or received at any time prior to the regular election for which the candidate, slate of candidates, or public issue is on the ballot.

(d) Any unexpended balance of funds not otherwise obligated for the payment of expenses incurred to further a political issue or the candidacy of a person shall, in whole or in part, at the election of the candidate or committee:

1. Escheat to the State Treasury;

2. Be returned pro rata to all contributors;

3. In the case of a partisan candidate, be transferred to:

a. A caucus campaign committee; or

b. The state or county executive committee of the political party of which the candidate is a member;

4. Be retained to further the same public issue or to seek election to the same office; or

5. Be donated to any charitable, nonprofit, or educational institution recognized under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, and any successor thereto, from which the candidate or committee receives no financial benefit.

(11) If adequate and appropriate agency funds are available to implement this subsection, electronic reporting shall be made available by the registry to all candidates, slates of candidates, committees, contributing organizations, registered fundraisers, and persons making independent expenditures. The electronic report submitted to the registry shall be the official campaign finance report for audit and other legal purposes, whether mandated or filed by choice.

(12) The date that an electronic or on-line report shall be deemed to have been filed with the registry shall be the date on which it is received by the registry.

(13) All electronic or online filers shall affirm, under penalty of perjury, that the report filed with the registry is complete and accurate.

(14) Filers who submit electronic campaign finance reports which are not readable, or cannot be copied shall be deemed to not be in compliance with the requirements set forth in this section.

(15) Beginning with the primary scheduled in calendar year 2020, and for each subsequent election scheduled thereafter, reports required to be submitted to the registry involving candidates, slates of candidates, committees, contributing organizations, and independent expenditures shall be reported electronically.

(16) (a) On each form that the registry supplies for the reports required under subsections (2), (3), and (6) of this section, the registry shall include an entry reading, "No change since last report."

(b) If a person or entity that is required to report under subsection (2), (3), or (6) of this section has received no money, loans, or other things of value from any source since the date of its last report and has not authorized, incurred, or made any expenditures since that date, the person or entity may check or otherwise designate the entry that reads, "No change since last report." A person or entity designating this entry in a report shall state the balance carried forward from the last report but need not specify receipts or expenditures in further detail.

➔Section 9. KRS 121.190 is amended to read as follows:

(1) All newspaper or magazine advertising, posters, circulars, billboards, handbills, sample ballots, and paid-for television or radio announcements***, or any other type of general public political advertising,*** which expressly advocate the election or defeat of a clearly identified candidate, slate of candidates, or group of candidates for nomination or election to any public office***, or expressly advocate or oppose a ballot measure,*** shall be identified by the words "paid for by" followed by the name and address of the individual or committee which paid for the communication; except that if paid for by a candidate, slate of candidates, or campaign committee, it shall be identified only by the words "paid for by" followed by the name of the candidate, slate of candidates, or campaign committee, whichever is applicable. For television and radio broadcasts, compliance with Federal Communications Commission regulations regarding sponsored programs and broadcasts by candidates for public office shall be considered compliance with this section.

(2) The disclaimer described in subsection (1) of this section shall appear and be presented in a clear and conspicuous manner to give the reader or observer adequate notice of the identity of the purchaser of the communication. A disclaimer does not comply with this section if the disclaimer is difficult to read or if the placement of the disclaimer is easily overlooked.

(3) The provisions of subsection (1) of this section shall not apply to:

(a) Any news articles, editorial endorsements, opinion, or commentary writings, or letter to the editor printed in a newspaper, magazine, flyer, pamphlet, or other periodical not owned or controlled by a candidate or committee;

(b) Any editorial endorsements or opinions aired by a broadcast facility not owned or controlled by a candidate or committee;

(c) Any communication by a person made in the regular course and scope of the person's business or any communication made by a membership organization solely to members of the organization and the members' families; and

(d) Any communication that refers to any candidate only as part of the popular name of a bill or statute.

(4) (a) A person shall not use, cause or permit to be used, or continue to use any published, distributed, or broadcast political advertising containing express advocacy that the person knows does not include the disclosure required by subsection (1) of this section. A person is presumed to know that the use of political advertising is prohibited by this subsection if the registry notifies the person in writing that the use is prohibited.

(b) A person who learns that political advertising signs that have been distributed do not include the disclosure required by subsection (1) of this section or include a disclosure that does not comply with subsection (1) of this section does not commit a violation of this subsection if the person makes a good-faith attempt to remove or correct those signs within forty-eight (48) hours and provides the registry with proof of correction.

(5) The management of newspapers and magazines shall keep a one (1) year record of all statements, articles, or advertisements referred to in subsection (1) of this section, that appear in their publications, however, nothing in subsection (1) of this section shall be construed to require editors or editorial writers of newspapers and magazines to identify themselves in the manner therein required with any article or editorial written by them as part of their duties as an employee or employer.

Signed by Governor March 24, 2025.

CHAPTER 58

(HB 342)

AN ACT relating to financial literacy.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 158.1411 is amended to read as follows:

(1) ***For students entering grade nine (9) on or before June 30, 2025***~~[Beginning with the entering ninth grade class of the 2020-2021 school year and each year thereafter]~~, successful completion of one (1) or more courses or programs that meet the financial literacy standards shall be a Kentucky public high school graduation requirement.~~[The graduation requirement shall also apply to a student pursuing an early graduation program, as established in KRS 158.142.]~~

(2) ***For students entering grade nine (9) on or after July 1, 2025, successful completion of a one (1) credit course in financial literacy shall be a Kentucky public high school graduation requirement.***

(3) The graduation requirement in subsections (1) and (2) shall also apply to a student pursuing an early graduation program as established in KRS 158.142.

(4) The financial literacy course required by subsection (2) of this section shall align to the student's individual learning plan and include but not be limited to instruction in the following areas:

(a) Budgeting;

(b) Saving and investing;

(c) Credit and debt;

(d) Insurance and risk management, including but not limited to personal insurance policies;

(e) Taxes; and

(f) The necessity of critical review and understanding of documents prior to signing agreement or approval and the ability to provide a signature in cursive.

(5) The financial literacy course required by subsection (2) of this section shall be accepted as an elective course requirement for high school graduation notwithstanding any other provisions of law.

(6) In accordance with KRS 156.160, the Kentucky Board of Education shall promulgate administrative regulations establishing academic standards~~[and a graduation requirement]~~ for financial literacy.

(7)~~[(3)]~~ The local ***superintendent, after consultation with the local board of education,*** school-based decision making council***, and***~~[, or]~~ principal~~[if no council exists,]~~ of each high school***,*** shall determine curricula for course offerings~~[, programs, or a combination of course offerings and programs]~~ that are aligned with the financial literacy academic standards promulgated by the Kentucky Board of Education.

(8)~~[(4)]~~ The Department of Education shall develop financial literacy guidelines ***for local schools and districts.***

(9) Local schools and districts may consult with the Kentucky Financial Empowerment Commission established in KRS 41.450 when~~[that provide direction to local schools in]~~ developing and implementing the financial literacy standards.

(10) The Department of Education shall identify through the system for uniform academic course codes, which courses meet the requirements for the financial literacy course required in subsection (2) of this section.

Signed by Governor March 24, 2025.

CHAPTER 59

(SB 244)

AN ACT relating to the operations of the Department of Law.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 15.010 is amended to read as follows:

(1) The Attorney General is the head of the Department of Law.

(2) The Department of Law shall include the following major organizational units:

(a) Department of Criminal Investigations;

1. Office of Counter-Exploitation;

a. Special Victims Division;

b. Cyber Crimes Division; and

c. Trafficking and Abuse Prevention and Prosecution Division;

2. Office of Investigative Operations;

a. Public Corruption Division;

b. Special Investigations Division; and

c. Protective Intelligence Division;

(b) Department of Criminal Litigation;

1. Office of Special Prosecutions;

2. Office of Medicaid Fraud and Abuse Control;

3. Office of Prosecutors Advisory Council; and

4. Office of Victims Advocacy;

(c) Department of Civil Litigation;

1. Office of Consumer Protection;

2. Office of Civil and Environmental Law;

a. Open Records and Meetings Division; and

b. Civil Litigation Division;

3. Office of Rate Intervention;

4. Office of Senior Protection;~~[and]~~

5. Office of Administrative Hearings;

a. Family and Children Division;

b. Health Services Division; and

c. General Government Division; ***and***

6. Office of Data Privacy;

(d) Office of the Solicitor General;

1. Criminal Appeals Division; and

2. Civil Appeals Division;

(e) Office of Legal Counsel;

(f) Office of Communications;

(g) Office of Management and Budget;~~[and]~~

(h) Kentucky Office of Regulatory Relief***; and***

(i) Department of Child Support Services;

1. Office of Processing and Distribution;

2. Office of Program Services;

3. Office of General Counsel;

4. Office of Administrative Services; and

5. Office of Information Services.

➔Section 2. KRS 15.111 is amended to read as follows:

(1) The Office of Administrative Hearings is created ***within the Department of Law***~~[in the Office of Attorney General]~~.

(2) This office shall have the following responsibilities:

(a) Employing and maintaining a pool of hearing officers for assignment to the individual agencies at their request, for the conduct of administrative hearings. The Attorney General's office may also employ other staff as necessary to carry out functions and responsibilities assigned by KRS Chapter 13B;

(b) Reviewing and approving or disapproving requests from agencies for waivers from provisions of KRS Chapter 13B;

(c) Providing training in administrative hearing procedures for hearing officers as required in KRS 13B.030, either by developing and offering the training, or by contracting with appropriate organizations for the provision of training, or by approving training developed and submitted by the agencies;

(d) Consulting with the Personnel Cabinet and employing agencies in the establishment of relevant and appropriate qualifications for classes of hearing officers;

(e) ~~[Establishing, in cooperation with the Office of Consumer Protection, a clearinghouse for complaints concerning the administrative hearing process in Kentucky. Each complaint received shall be referred to the agency that is the subject of the complaint, and the action of the agency to resolve the complaint shall be noted and reported to the office;~~

~~(f)]~~Reporting to the Legislative Research Commission by July 1 of each odd-numbered year, the status of the administrative hearing process in Kentucky. The report shall include a compilation of statistical data and other information necessary to assess the effectiveness and efficiency of hearing procedures and recommendations for making improvements to the system. Agencies shall provide the information requested by the Office of Administrative Hearings necessary to complete the report;

(f) ~~[(g)]~~ Reporting to the Cabinet for Health and Family Services, Office of Inspector General, for review and investigation:

1. Any charge or case against any employee of the Cabinet for Health and Family Services where it has cause to believe the employee has engaged in dishonest, unethical, or illegal conduct or practices related to his or her job duties; or

2. Any violation of state law or administrative regulation by any organization or individual regulated by, or contracted with, the Cabinet for Health and Family Services; and

(g) ~~[(h)]~~ Conducting and providing oversight of administrative hearings as it relates to the Cabinet for Health and Family Services.

➔Section 3. KRS 15.802 (Effective July 1, 2025) is amended to read as follows:

(1) The duties of the ~~[Office of the Attorney General,]~~***Department of*** Child Support ***Services within the Department of Law*** ~~[Enforcement]~~, or its designee, shall include:

(a) Serve as state agency authorized to administer Part D of Title IV of the Social Security Act, 42 U.S.C. secs. 651 to 669;

(b) Serve as the information agency as provided in the Uniform Interstate Family Support Act, KRS Chapter 407;

(c) Serve as collector of all court-ordered or administratively ordered child support payments pursuant to Part D of Title IV of the Social Security Act;

(d) Serve as the agent for enforcement of international child support obligations, and respond to requests from foreign reciprocating countries;

(e) Establish and enforce an obligation upon receipt of a completed, notarized voluntary acknowledgment-of-paternity form;

(f) Enforce Kentucky child support laws, including collection of court-ordered or administratively ordered child support arrearages and prosecution of persons who fail to pay child support;

(g) Publicize the availability of services and encourage the use of these services for establishing paternity and child support;

(h) Pay the cost of genetic testing to establish paternity, subject to recoupment from the alleged father, when paternity is administratively or judicially determined; and obtain additional testing when an original test is contested, upon request and advance payment by the contestant;

(i) Establish child support obligations and seek modification of judicially or administratively established child support obligations in accordance with the child support guidelines of the Commonwealth of Kentucky as provided under KRS 403.212;

(j) Administratively establish child support orders which shall have the same force and effect of law;

(k) Issue an administrative subpoena to secure public and private records of utility and cable companies and asset and liability information from financial institutions for the establishment, modification, or enforcement of a child support obligation;

(l) Impose a penalty for failure to comply with an administrative subpoena;

(m) Provide notices, copies of proceedings, and determinations of support amounts to any parties or individuals who are applying for or receiving Title IV-D services, or who are parties to cases in which Title IV-D services are being provided; and

(n) Issue interstate administrative subpoenas to any individual or entity for financial or other information or documents which are needed to establish, modify, or enforce a child support obligation pursuant to Part D of Title IV of the Social Security Act, 42 U.S.C. sec. 651 et seq. An administrative subpoena lawfully issued in another state to an individual or entity residing in this state shall be honored and enforced in the Circuit Court where the individual or entity resides.

(2) The ~~[Office of the Attorney General,]~~***Department of*** Child Support ***Services within the Department of Law***~~[Enforcement]~~, or its designee***,*** may promulgate administrative regulations to implement this section and adopt forms or implement other requirements of federal law relating to interstate administrative subpoenas, and may amend forms by technical amendment that are mandated by the federal Office of Child Support Enforcement and incorporated by reference in administrative regulation.

(3) The Office of the Attorney General shall maintain a system to receive and process all child support payments. The system shall include existing computer systems to record the payments. The automated system shall include a state case registry that contains records with respect to each case in which services are being provided by the office and each child support order established or modified in the state~~[on or after October 1, 1998]~~.

(4) The Office of the Attorney General shall establish and operate a state disbursement unit for the collection, disbursement, and recording of payments under support orders for all Title IV-D cases and for all cases initially issued in the state~~[on or after January 1, 1994,]~~ in which a wage withholding has been court-ordered or administratively ordered, pursuant to Part D of Title IV of the Social Security Act. Establishment of the state unit may include the designation and continuation of existing local collection units to aid efficient and effective collection, disbursement, and recording of child support payments.

(5) After the establishment of the disbursement unit child support collection system, the Office of the Attorney General or its designee shall serve as collector of all court-ordered or administratively ordered child support payments pursuant to Part D of Title IV of the Social Security Act.

(6) Where establishment of paternity and enforcement and collection of child support is by law the responsibility of local officials, the Office of the Attorney General shall refer cases to the appropriate official for such action. The
office may enter into cooperative arrangements with appropriate courts and law enforcement officials to assist the office in administering the program of child support recovery, including the entering into of financial arrangements with such courts and officials as provided for under the provisions of federal law and regulations. The local county attorney shall be considered the designee of the office for purposes of administering the program of child support recovery within a county, subject to the option of the county attorney to decline such designation. Nothing in this section shall prevent the Attorney General from taking such action, with prior written notice, as appropriate if the terms and conditions of the cooperative agreement are not met. When a cooperative agreement with a contracting official is canceled for good cause, the office may not offer that cooperative agreement to that official during the official's tenure.

(7) Where the local county attorney, friend of the court, domestic relations agent, or other designee of the Office of the Attorney General has been contracted for the purpose of administering child support enforcement pursuant to Title IV-D of the Social Security Act, the contracting official shall be deemed to be representing the office and as such does not have an attorney-client relationship with the applicant who has requested services pursuant to Title IV-D of the Social Security Act nor with any dependent on behalf of the individuals for whom services are sought.

(8) The Office of the Attorney General shall determine the name of each obligor who owes an arrearage of at least two thousand five hundred dollars ($2,500). After notification to the obligor owing an arrearage amount of two thousand five hundred dollars ($2,500), the office shall transmit to the United States secretary of health and human services the certified names of the individuals and supporting documentation for the denial, revocation, or limitation of the obligor's passport. The office shall notify the identified obligor of the determination and the consequences and provide an opportunity to contest the determination.

(9) The Office of the Attorney General shall determine the name of an obligor owing an arrearage and shall indefinitely deny, suspend, or revoke a license or certification that has been issued if the person has a child support arrearage that equals or exceeds the amount that would be owed after six (6) months of nonpayment or fails, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings as provided by 42 U.S.C. sec. 666(a)(16).

(10) The Office of the Attorney General shall forward the name of the individual to a board of licensure or board of certification for the notification of the denial, revocation, or suspension of a driver's license, professional license or certification, occupational license or certification, recreational license, or sporting license.

(11) The denial or suspension shall remain in effect until the child support arrearage has been eliminated or payments on the child support arrearage are being made in accordance with a court or administrative order, the person complies with the subpoena or warrant relating to paternity or child support proceedings, or the appeal of the denial or suspension is upheld and the license is reinstated.

(12) Except for cases administered by the Office of the Attorney General under 42 U.S.C. sec. 651 et seq. which shall be afforded the appeal process set forth by KRS 405.450(3), an individual who has a license or certification denied, revoked, or suspended shall have the right to appeal to the licensing or certifying board.

(13) A dispute hearing shall be conducted by the Office of the Attorney General in accordance with KRS 405.450. The only basis for a dispute hearing shall be a mistake in fact.

(14) The Office of the Attorney General shall in its discretion enter into agreements with financial institutions doing business in the Commonwealth to develop and operate, in coordination with the financial institutions, a data match system as required by KRS 15.844, 15.846, 15.848, and 15.850.

(15) The Office of the Attorney General may issue both intrastate and interstate administrative subpoenas to any individual or entity for financial or other information or documents that are needed to establish, modify, or enforce a child support obligation pursuant to Title IV-D of the Social Security Act, 42 U.S.C. sec. 651 et seq. An administrative subpoena lawfully issued in another state to an individual or entity in this state shall be honored and enforced in the Circuit Court of the county in which the individual or entity resides.

(16) The Office of the Attorney General shall promulgate administrative regulations in accordance with KRS Chapter 13A to implement KRS 15.055.

(17) The Office of the Attorney General shall compare a quarterly report provided by the Finance and Administration Cabinet of all tort claims made against the state by individuals with the child support database to match individuals who have a child support arrearage and may receive a settlement from the state.

(18) The Office of the Attorney General shall prepare and distribute to the office's designee for the administration of the child support program information on child support collections and enforcement. The information shall include a description of how child support obligations are:

(a) Established;

(b) Modified;

(c) Enforced;

(d) Collected; and

(e) Distributed.

(19) The Office of the Attorney General's designee for the administration of the child support program shall distribute, when appropriate, the following:

(a) Information on child support collections and enforcement; and

(b) Job listings posted by employment services.

➔Section 4. KRS 44.030 is amended to read as follows:

(1) No money shall be paid to any person on a claim against the state in his or her own right, or as an assignee of another, when the person or the person's assignor is indebted to the state or any local government. The claim, to the extent it is allowed, shall first be credited to the account of the person indebted to the state, and if there is any balance due the person after settling the whole demand of the state, any certified liquidated debts of any local government shall be paid if the local government provides information concerning the liquidated debt to the State Treasurer. If there is any balance due the person after settling the whole demand of the state or local governments, and if there are not liquidated debts certified against the claim pursuant to KRS 44.065, that balance shall be paid to the person.

(2) In case of multiple claims by state agencies, the claims shall be paid as follows:

(a) First, to any claim made by the ***Office of the Attorney General***~~[Cabinet for Health and Family Services]~~ for past due child support obligations;

(b) Second, to any claim filed by the Finance and Administration Cabinet, Department of Revenue, for taxes owed the Commonwealth; and

(c) Third, to all other state agencies in the order that the claims were filed with the State Treasury.

(3) In the case of multiple claims filed by any local government, the claims shall be paid in the order that the claims were filed with the State Treasury.

(4) No money shall be paid to any person on a claim against a local government in his or her own right, or as an assignee of another, when the person or the person's assignor is indebted to the local government or the state. The claim, to the extent it is allowed, shall first be credited to any debt of the person indebted to the local government, and if there is any balance due the person after settling the whole demand of the local government, any certified liquidated debts of the state shall be paid if the state provides the local government with information concerning the liquidated debt. If there is any balance due the person after settling the whole demand of the local government or the state, that balance shall be paid to the person.

(5) The Finance and Administration Cabinet shall provide the ***Office of the Attorney General*** ~~[Cabinet for Health and Family Services]~~ with a quarterly report of all tort claims made against the state by individuals that the ***Office of the Attorney General*** ~~[Cabinet for Health and Family Services]~~ shall compare with the child support database to match individuals who have a child support arrearage and may receive a settlement from the state.

(6) Each organizational unit and administrative body in the executive branch of state government, as defined in KRS 12.010, the Court of Justice in the judicial branch of state government, and, where feasible, any local government shall provide information to the State Treasurer concerning any debt it has referred to the Department of Revenue for collection under KRS 45.241.

(7) Each agency, the Court of Justice, and, where feasible, any local government shall provide information to the State Treasurer concerning any debt referred to the Department of Revenue for collection under KRS 45.237.

➔Section 5. KRS 154A.060 is amended to read as follows:

(1) The corporation shall conduct and administer lottery games which will result in maximization of revenues to the Commonwealth of Kentucky while at the same time provide entertainment to its citizens. It shall be the duty of the corporation, its employees, and the members of the board to provide for the effective operation of lottery games which insure the integrity of the lottery and maintain the dignity of the Commonwealth and the general welfare of its citizens. The corporation, in pursuit of the attainment of the objectives and the purposes of this chapter, may:

(a) Sue and be sued in its corporate name;

(b) Adopt a corporate seal and a symbol;

(c) Hold copyrights, trademarks, and service marks, and enforce its rights with respect thereto;

(d) Appoint agents upon which process may be served;

(e) Enter into written agreements with one (1) or more other states for the operation, marketing, and promotion of a joint lottery or joint lottery games;

(f) Acquire real property and make improvements thereon. These acquisitions shall be reported to the Capital Projects and Bond Oversight Committee for its review and determination in accordance with KRS 45.750 to 45.810; and

(g) Make, execute, and effectuate any and all agreements or contracts including:

1. Contracts for the purchase of such goods and services as are necessary for the operation and promotion of the state lottery. Proposed purchases of major items of equipment estimated to cost one hundred thousand dollars ($100,000) or more and proposed purchases of items of equipment where the estimated contract price for all the items of equipment taken together is four hundred thousand dollars ($400,000) or more shall be reported to the Capital Projects and Bond Oversight Committee for its review and determination in accordance with the provisions of KRS 45.750 to 45.810. A contract shall not be artificially divided to cause an estimated contract price to fall below the four hundred thousand dollar ($400,000) threshold. Contracts for personal service shall be reviewed in accordance with KRS 45A.690 to 45A.725.

2. Contracts to incur debt in its own name and enter into financing agreements with the Commonwealth, its own agencies, or with a commercial bank, excluding the authority to issue bonds.

(2) The corporation shall:

(a) Supervise and administer the lottery in accordance with the provisions of this chapter and the administrative regulations adopted by the board;

(b) Submit monthly and annual reports to the Governor, the President of the Senate, and the Speaker of the House of Representatives containing financial statements which include but are not limited to disclosure of gross revenues, expenses, and net proceeds for the period;

(c) Adopt by administrative regulation a system of continuous internal audits;

(d) Maintain weekly or more frequent records of lottery transactions, including distribution of tickets to lottery retailers, revenues received, claims for prizes, prizes paid, and all other financial transactions of the corporation;

(e) Adopt by administrative regulation a code of ethics for officers and employees of the corporation to carry out the standards of conduct established by the provisions of this chapter;

(f) Include capital projects, as defined in KRS 45.750(1)(f), which exceed the thresholds set forth in KRS 154A.060(1)(g)1. in the budget unit request submitted by the corporation to the Finance and Administration Cabinet pursuant to KRS 48.050. In the budget unit request submitted by the corporation, a contingency item for acquisition of the on-line central system, all related equipment, and any other equipment owned by vendors of the corporation relating to computer-generated lottery games from the corporation's vendors shall be stated separately from all other equipment. Further, if the identification of specific projects requiring the acquisition of equipment in the nature of computer systems, communications equipment and related peripheral devices, and operating system software cannot be ascertained with absolute certainty at the time the corporation is required to submit its budget unit request, the corporation shall be entitled to submit a general request for the equipment without individually identifying specific projects, together with a maximum amount to be allocated for the equipment, in the budget unit request;

(g) The Kentucky Lottery Corporation and the ***Office of the Attorney General*** ~~[Cabinet for Health and Family Services]~~ shall develop a system to allow the Kentucky Lottery Corporation to receive a list of delinquent child support obligors from the ***Office of the Attorney General*** ~~[Cabinet for Health and Family Services]~~ on a monthly basis. The Kentucky Lottery Corporation shall withhold delinquent amounts from prizes of winners that appear on the list. This system shall be timely and shall not create an unavoidable delay in the payment of a lottery prize; and

(h) The Kentucky Lottery Corporation and the authority shall develop a system to allow the Kentucky Lottery Corporation to receive on a periodic basis a list of persons declared in default of repayment obligations under financial assistance programs in KRS Chapters 164 and 164A. The Kentucky Lottery Corporation shall withhold from a person's prize winnings the amount of the defaulted loan and shall transfer the amount to the authority to credit the account of the person in default. Any amount remaining after the deduction of the loan amount shall be paid to the person.

➔Section 6. KRS 186.570 is amended to read as follows:

(1) The cabinet or its agent designated in writing for that purpose may deny any person an operator's license or may suspend the operator's license of any person, or, in the case of a nonresident, withdraw the privilege of operating a motor vehicle in this state, subject to a hearing and with or without receiving a record of conviction of that person of a crime, if the cabinet has reason to believe that:

(a) That person has committed any offenses for the conviction of which mandatory revocation of a license is provided by KRS 186.560***;*** ~~[.]~~

(b) That person has, by reckless or unlawful operation of a motor vehicle, caused, or contributed to an accident resulting in death or injury or serious property damage***;*** ~~[.]~~

(c) That person has a mental or physical disability that makes it unsafe for him to drive upon the highways. The Transportation Cabinet shall, by administrative regulations promulgated pursuant to KRS Chapter 13A, establish a medical review board to provide technical assistance in the review of the driving ability of these persons. The board shall consist of licensed medical and rehabilitation specialists***;*** ~~[.]~~

(d) That person is an habitually reckless or negligent driver of a motor vehicle or has committed a serious violation of the motor vehicle laws***;***~~[.]~~

(e) That person has been issued a license without making proper application for it, as provided in KRS 186.412 or 186.4121 and administrative regulations promulgated pursuant to KRS Chapter 13A***;***~~[.]~~

(f) That person has presented false or misleading information as to the person's residency, citizenship, religious convictions, or immigration status***;***~~[.]~~

(g) A person required by KRS 186.480 to take an examination has been issued a license without first having passed the examination***;***~~[.]~~

(h) That person has been convicted of assault and battery resulting from the operation of a motor vehicle***;***~~[.]~~

(i) That person has failed to appear pursuant to a citation or summons issued by a law enforcement officer of this Commonwealth or any other jurisdiction***;***~~[.]~~

(j) That person has failed to appear pursuant to an order by the court to produce proof of security required by KRS 304.39-010 and a receipt showing that a premium for a minimum policy period of six (6) months has been paid***; or***~~[.]~~

(k) That person is a habitual violator of KRS 304.39-080. For purposes of this section, a "habitual violator" shall mean any person who has operated a motor vehicle without security on the motor vehicle as required by Subtitle 39 of this chapter three (3) or more times within a five (5) year period, in violation of KRS 304.99-060(2).

(2) The cabinet shall deny any person a license or shall suspend the license of an operator of a motor vehicle upon receiving written notification from the ***Office of the Attorney General***~~[Cabinet for Health and Family Services]~~ that the person has a child support arrearage which equals or exceeds the cumulative amount which would be owed after six (6) months of nonpayment or failure, after receiving appropriate notice, to comply with a subpoena or warrant relating to paternity or child support proceedings, as provided by 42 U.S.C. ***sec.***~~[secs.]~~ 651 et seq.~~[; except that any child support arrearage which exists prior to January 1, 1994, shall not be included in the calculation to determine whether the license of an operator of a motor vehicle shall be denied or suspended.]~~ The denial or suspension shall continue until the arrearage has been eliminated, payments on the child support arrearage are being made in accordance with a court or administrative order, or the person complies with the subpoena or warrant relating to paternity or child support. Before the license may be reinstated, proof of elimination of the child support arrearage or proof of compliance with the subpoena or warrant relating to paternity or child support proceedings as provided by 42 U.S.C. sec. 666(a)(16) from the court where the action is pending or the ***Office of the Attorney General***~~[Cabinet for Health and Family Services]~~ shall be received by the Transportation Cabinet as prescribed by administrative regulations promulgated by the ***Office of the Attorney General***~~[Cabinet for Health and Family Services]~~ and the Transportation Cabinet.

(3) The cabinet or its agent designated in writing for that purpose shall deny any person an operator's license or shall suspend the operator's license of any person, or, in the case of a nonresident, withdraw the privilege of operating a motor vehicle in this state:

(a) Where the person has been declared ineligible to operate a motor vehicle under KRS 532.356 for the duration of the ineligibility, upon notification of the court's judgment; or

(b) Upon receiving written notification from the Finance and Administration Cabinet, Department of Revenue, that the person is a delinquent taxpayer as provided in KRS 131.1817. The denial or suspension shall continue until a written tax clearance has been received by the cabinet from the Finance and Administration Cabinet, Department of Revenue. Notwithstanding the provisions of subsection (4) of this section, a person whose license is denied or suspended under this paragraph shall have thirty (30) days from the date the cabinet mails the notice to request a hearing.

(4) The cabinet or its agent designated in writing for that purpose shall provide any person subject to the suspension, revocation, or withdrawal of their driving privileges, under provisions of this section, an informal hearing. Upon determining that the action is warranted, the cabinet shall notify the person in writing by mailing the notice to the person by first-class mail to the last known address of the person. The hearing shall be automatically waived if not requested within twenty (20) days after the cabinet mails the notice. The hearing shall be scheduled as early as practical within twenty (20) days after receipt of the request at a time and place designated by the cabinet. An aggrieved party may appeal a decision rendered as a result of an

informal hearing, and upon appeal an administrative hearing shall be conducted in accordance with KRS Chapter 13B.

(5) (a) The cabinet may suspend the operator's license of any resident upon receiving notice of the conviction of that person in another state of an offense there which, if committed in this state, would be grounds for the suspension or revocation of an operator's license. The cabinet shall not suspend an operator's license under this paragraph if:

1. The conviction causing the suspension or revocation is more than five (5) years old;

2. The conviction is for a traffic offense other than a felony traffic offense or a habitual violator offense; and

3. The license holder complies with the provisions of KRS 186.442.

(b) If, at the time of application for an initial Kentucky operator's license, a person's license is suspended or revoked in another state for a conviction that is less than five (5) years old, the cabinet shall deny the person a license until the person resolves the matter in the other state and complies with the provisions of this chapter.

(c) The cabinet may, upon receiving a record of the conviction in this state of a nonresident driver of a motor vehicle of any offense under the motor vehicle laws, forward a notice of that person's conviction to the proper officer in the state of which the convicted person is a resident.

(d) This subsection shall not apply to a commercial driver's license.

(6) The Transportation Cabinet is forbidden from suspending or revoking an operator's license or assessing points or any other form of penalty against the license holder for speeding violations or speeding convictions from other states. This subsection shall apply only to speeding violations. This section shall not apply to a person who holds or is required to hold a commercial driver's license.

(7) Each operator's license which has been canceled, suspended, or revoked shall be surrendered to and destroyed by the cabinet. At the end of the period of cancellation, suspension, or revocation, the license holder may reapply under KRS 186.412 or 186.4121, after the licensee has complied with all requirements for the issuance or reinstatement of his or her driving privilege.

(8) Insurance companies issuing motor vehicle policies in the Commonwealth shall be prohibited from raising a policyholder's rates solely because the policyholder's driving privilege has been suspended or denied pursuant to subsection (2) of this section.

➔Section 7. KRS 237.110 is amended to read as follows:

(1) The Department of Kentucky State Police is authorized to issue and renew licenses to carry concealed firearms or other deadly weapons, or a combination thereof, to persons qualified as provided in this section.

(2) An original or renewal license issued pursuant to this section shall:

(a) Be valid throughout the Commonwealth and, except as provided in this section or other specific section of the Kentucky Revised Statutes or federal law, permit the holder of the license to carry firearms, ammunition, or other deadly weapons, or a combination thereof, at any location in the Commonwealth;

(b) Unless revoked or suspended as provided by law, be valid for a period of five (5) years from the date of issuance;

(c) Authorize the holder of the license to carry a concealed firearm or other deadly weapon, or a combination thereof, on or about his or her person; and

(d) Authorize the holder of the license to carry ammunition for a firearm on or about his or her person.

(3) Prior to the issuance of an original or renewal license to carry a concealed deadly weapon, the Department of Kentucky State Police, upon receipt of a completed application, applicable fees, and any documentation required by this section or administrative regulation promulgated by the Department of Kentucky State Police, shall conduct a background check to ascertain whether the applicant is eligible under 18 U.S.C. sec. 922(g) and (n), any other applicable federal law, and state law to purchase, receive, or possess a firearm or ammunition, or both. The background check shall include:

(a) A state records check covering the items specified in this subsection, together with any other requirements of this section;

(b) A federal records check, which shall include a National Instant Criminal Background Check System (NICS) check;

(c) A federal Immigration Alien Query if the person is an alien who has been lawfully admitted to the United States by the United States government or an agency thereof; and

(d) In addition to the Immigration Alien Query, if the applicant has not been lawfully admitted to the United States under permanent resident status, the Department of Kentucky State Police shall, if a doubt exists relating to an alien's eligibility to purchase a firearm, consult with the United States Department of Homeland Security, United States Department of Justice, United States Department of State, or other federal agency to confirm whether the alien is eligible to purchase a firearm in the United States, bring a firearm into the United States, or possess a firearm in the United States under federal law.

(4) The Department of Kentucky State Police shall issue an original or renewal license if the applicant:

(a) Is not prohibited from the purchase, receipt, or possession of firearms, ammunition, or both pursuant to 18 U.S.C. 922(g), 18 U.S.C. 922(n), or applicable federal or state law;

(b) 1. Is a citizen of the United States who is a resident of this Commonwealth;

2. Is a citizen of the United States who is a member of the Armed Forces of the United States who is on active duty, who is at the time of application assigned to a military posting in Kentucky;

3. Is lawfully admitted to the United States by the United States government or an agency thereof, is permitted by federal law to purchase a firearm, and is a resident of this Commonwealth; or

4. Is lawfully admitted to the United States by the United States government or an agency thereof, is permitted by federal law to purchase a firearm, is, at the time of the application, assigned to a military posting in Kentucky, and has been assigned to a posting in the Commonwealth;

(c) Is twenty-one (21) years of age or older;

(d) Has not been committed to a state or federal facility for the abuse of a controlled substance or been convicted of a misdemeanor violation of KRS Chapter 218A or similar laws of any other state relating to controlled substances, within a three (3) year period immediately preceding the date on which the application is submitted;

(e) Does not chronically and habitually use alcoholic beverages as evidenced by the applicant having two (2) or more convictions for violating KRS 189A.010 within the three (3) years immediately preceding the date on which the application is submitted, or having been committed as an alcoholic pursuant to KRS Chapter 222 or similar laws of another state within the three (3) year period immediately preceding the date on which the application is submitted;

(f) Does not owe a child support arrearage which equals or exceeds the cumulative amount which would be owed after one (1) year of nonpayment, if the Department of Kentucky State Police has been notified of the arrearage by the ***Office of the Attorney General***~~[Cabinet for Health and Family Services]~~;

(g) Has complied with any subpoena or warrant relating to child support or paternity proceedings. If the Department of Kentucky State Police has not been notified by the ***Office of the Attorney General***~~[Cabinet for Health and Family Services]~~ that the applicant has failed to meet this requirement, the Department of Kentucky State Police shall assume that paternity and child support proceedings are not an issue;

(h) Has not been convicted of a violation of KRS 508.030 or 508.080 within the three (3) years immediately preceding the date on which the application is submitted. The commissioner of the Department of Kentucky State Police may waive this requirement upon good cause shown and a determination that the applicant is not a danger and that a waiver would not violate federal law;

(i) Demonstrates competence with a firearm by successful completion of a firearms safety or training course that is conducted by a firearms instructor who is certified by a national organization with membership open to residents of any state or territory of the United States, which was created to promote firearms education, safety, and the profession of firearms use and training, and to foster professional behavior in its members. The organization shall require members to adhere to its own code of ethics and conduct a program which certifies firearms instructors and includes the use of written tests, in person instruction, and a component of live-fire training. These national organizations shall include but are not limited to the National Rifle Association, the United States Concealed Carry

Association, and the National Shooting Sports Foundation. The training requirement may also be fulfilled through any firearms safety course offered or approved by the Department of Criminal Justice Training. The firearms safety course offered or approved by the Department of Criminal Justice Training shall:

1. Be not more than eight (8) hours in length;

2. Include instruction on handguns, the safe use of handguns, the care and cleaning of handguns, and handgun marksmanship principles;

3. Include actual range firing of a handgun in a safe manner, and the firing of not more than twenty (20) rounds at a full-size silhouette target, during which firing, not less than eleven (11) rounds must hit the silhouette portion of the target; and

4. Include information on and a copy of laws relating to possession and carrying of firearms, as set forth in KRS Chapters 237 and 527, and the laws relating to the use of force, as set forth in KRS Chapter 503; and

(j) Demonstrates knowledge of the law regarding the justifiable use of force by including with the application a copy of the concealed carry deadly weapons legal handout made available by the Department of Criminal Justice Training and a signed statement that indicates that applicant has read and understands the handout.

(5) (a) A legible photocopy or electronic copy of a certificate of completion issued by a firearms instructor certified by a national organization or the Department of Criminal Justice Training shall constitute evidence of qualification under subsection (4)(i) of this section.

(b) Persons qualifying under subsection (6)(d) of this section may submit with their application:

1. At least one (1) of the following paper or electronic forms or their successor forms showing evidence of handgun training or handgun qualifications:

a. Department of Defense Form DD 2586;

b. Department of Defense Form DD 214;

c. Coast Guard Form CG 3029;

d. Department of the Army Form DA 88-R;

e. Department of the Army Form DA 5704-R;

f. Department of the Navy Form OPNAV 3591-1; or

g. Department of the Air Force Form AF 522; or

2. a. Documentary evidence of an honorable discharge; and

b. A notarized affidavit on a form provided by the Department of Kentucky State Police, signed under penalty of perjury, stating the person has met the training requirements of subsection (6)(d) of this section.

(6) (a) Peace officers who are currently certified as peace officers by the Kentucky Law Enforcement Council pursuant to KRS 15.380 to 15.404 and peace officers who are retired and are members of the Kentucky Employees Retirement System, State Police Retirement System, or County Employees Retirement System or other retirement system operated by or for a city, county, or urban-county in Kentucky shall be deemed to have met the training requirement.

(b) Current and retired peace officers of the following federal agencies shall be deemed to have met the training requirement:

1. Any peace officer employed by a federal agency specified in KRS 61.365;

2. Any peace officer employed by a federal civilian law enforcement agency not specified above who has successfully completed the basic law enforcement training course required by that agency;

3. Any military peace officer of the United States Army, Navy, Marine Corps, or Air Force, or a reserve component thereof, or of the Army National Guard or Air National Guard who has

successfully completed the military law enforcement training course required by that branch of the military;

4. Any member of the United States Coast Guard serving in a peace officer role who has successfully completed the law enforcement training course specified by the United States Coast Guard.

(c) Corrections officers who are currently employed by a consolidated local government, an urban-county government, or the Department of Corrections who have successfully completed a basic firearms training course required for their employment, and corrections officers who were formerly employed by a consolidated local government, an urban-county government, or the Department of Corrections who are retired, and who successfully completed a basic firearms training course required for their employment, and are members of a state-administered retirement system or other retirement system operated by or for a city, county, or urban-county government in Kentucky shall be deemed to have met the training requirement.

(d) Active or honorably discharged service members in the United States Army, Navy, Marine Corps, Air Force, or Coast Guard, or a reserve component thereof, or of the Army National Guard or Air National Guard shall be deemed to have met the training requirement if these persons:

1. Successfully completed handgun training which was conducted by the United States Army, Navy, Marine Corps, Air Force, or Coast Guard, or a reserve component thereof, or of the Army National Guard or Air National Guard; or

2. Successfully completed handgun qualification within the United States Army, Navy, Marine Corps, Air Force, or Coast Guard, or a reserve component thereof, or of the Army Guard or Air Force National Guard.

(7) (a) 1. A paper application for a license, or renewal of a license, to carry a concealed deadly weapon shall be obtained from and submitted to the office of the sheriff in the county in which the person resides.

2. An applicant, in lieu of a paper application, may submit an electronic application for a license, or renewal of a license, to carry a concealed deadly weapon to the Department of Kentucky State Police.

3. Persons qualifying under subsection (6)(d) of this section shall be supplied the information in subsection (4)(i)4. of this section upon obtaining an application.

(b) 1. The completed paper application and any documentation required by this section plus an application fee or renewal fee, as appropriate, of sixty dollars ($60) shall be presented to the office of the sheriff of the county in which the applicant resides.

2. The sheriff shall transmit the paper application and accompanying material to the Department of Kentucky State Police within five (5) working days.

3. Twenty dollars ($20) of the paper application fee shall be retained by the office of the sheriff for official expenses of the office. Twenty dollars ($20) shall be sent to the Department of Kentucky State Police with the application. Ten dollars ($10) shall be transmitted by the sheriff to the Administrative Office of the Courts to fund background checks for youth leaders, and ten dollars ($10) shall be transmitted to the Administrative Office of the Courts to fund background checks for applicants for concealed weapons.

(c) 1. A completed electronic application submitted in lieu of a paper application, any documentation required by this section, and an application fee or renewal fee, as appropriate, of seventy dollars ($70) shall be presented to the Department of Kentucky State Police.

2. If an electronic application is submitted in lieu of a paper application, thirty dollars ($30) of the electronic application fee shall be retained by the Department of Kentucky State Police. Twenty dollars ($20) shall be sent to the office of the sheriff of the applicant's county of residence for official expenses of the office. Ten dollars ($10) shall be transmitted to the Administrative Office of the Courts to fund background checks for youth leaders, and ten dollars ($10) shall be transmitted to the Administrative Office of the Courts to fund background checks for applicants for concealed weapon carry permits.

(d) A full-time or part-time peace officer who is currently certified as a peace officer by the Kentucky Law Enforcement Council and who is authorized by his or her employer or government authority to carry a concealed deadly weapon at all times and all locations within the Commonwealth pursuant to KRS 527.020, or a retired peace officer who is a member of the Kentucky Employees Retirement System, State Police Retirement System, County Employees Retirement System, or other retirement system operated by or for a city, county, or urban-county government in Kentucky, shall be exempt from paying the paper or electronic application or renewal fees.

(e) The application, whether paper or electronic, shall be completed, under oath, on a form or in a manner promulgated by the Department of Kentucky State Police by administrative regulation which shall include:

1. a. The name, address, place and date of birth, citizenship, gender, Social Security number of the applicant; and

   b. If not a citizen of the United States, alien registration number if applicable, passport number, visa number, mother's maiden name, and other information necessary to determine the immigration status and eligibility to purchase a firearm under federal law of a person who is not a citizen of the United States;

2. A statement that, to the best of his or her knowledge, the applicant is in compliance with criteria contained within subsections (3) and (4) of this section;

3. A statement that the applicant, if qualifying under subsection (6)(d) of this section, has provided:

   a. At least one (1) of the forms listed in subsection (5) of this section; or

   b. i. Documentary evidence of an honorable discharge; and

      ii. A notarized affidavit on a form provided by the Department of Kentucky State Police stating the person has met the training requirements of subsection (6)(d) of this section;

4. A statement that the applicant has been furnished a copy of this section and is knowledgeable about its provisions;

5. A statement that the applicant has been furnished a copy of, has read, and understands KRS Chapter 503 as it pertains to the use of deadly force for self-defense in Kentucky; and

6. A conspicuous warning that the application is executed under oath and that a materially false answer to any question, or the submission of any materially false document by the applicant, subjects the applicant to criminal prosecution under KRS 523.030.

(8) The applicant shall submit to the sheriff of the applicant's county of residence or county of military posting if submitting a paper application, or to the Department of Kentucky State Police if submitting an electronic application:

(a) A completed application as described in subsection (7) of this section;

(b) A recent color photograph of the applicant, as prescribed by administrative regulation;

(c) A paper or electronic certificate or an affidavit or document as described in subsection (5) of this section;

(d) A paper or electronic document establishing the training exemption as described in subsection (6) of this section; and

(e) For an applicant who is not a citizen of the United States and has been lawfully admitted to the United States by the United States government or an agency thereof, an affidavit as prescribed by administrative regulation concerning his or her immigration status and his or her United States government issued:

1. Permanent Resident Card I-551 or its equivalent successor identification;

2. Other United States government issued evidence of lawful admission to the United States which includes the category of admission, if admission has not been granted as a permanent resident; and

3. Evidence of compliance with the provisions of 18 U.S.C. sec. 922(g)(5), 18 U.S.C. sec. 922(d)(5), or 18 U.S.C. sec. 922(y)(2), and 27 C.F.R. Part 178, including, as appropriate, but not limited to evidence of ninety (90) day residence in the Commonwealth, a valid current Kentucky hunting license if claiming exemption as a hunter, or other evidence of eligibility to purchase a firearm by an alien which is required by federal law or regulation.

If an applicant presents identification specified in this paragraph, the sheriff shall examine the identification, may record information from the identification presented, and shall return the identification to the applicant.

(9) The Department of Kentucky State Police shall, within sixty (60) days after the date of receipt of the items listed in subsection (8) of this section if the applicant submitted a paper application, or within fifteen (15) business days after the date of receipt of the items listed in subsection (8) of this section if the applicant applied electronically, either:

(a) Issue the license; or

(b) Deny the application based solely on the grounds that the applicant fails to qualify under the criteria listed in subsection (3) or (4) of this section. If the Department of Kentucky State Police denies the application, it shall notify the applicant in writing, stating the grounds for denial and informing the applicant of a right to submit, within thirty (30) days, any additional documentation relating to the grounds of denial. Upon receiving any additional documentation, the Department of Kentucky State Police shall reconsider its decision and inform the applicant within twenty (20) days of the result of the reconsideration. The applicant shall further be informed of the right to seek de novo review of the denial in the District Court of his or her place of residence within ninety (90) days from the date of the letter advising the applicant of the denial.

(10) The Department of Kentucky State Police shall maintain an automated listing of license holders and pertinent information, and this information shall be available upon request, at all times to all Kentucky, federal, and other states' law enforcement agencies. A request for the entire list of licensees, or for all licensees in a geographic area, shall be denied. Only requests relating to a named licensee shall be honored or available to law enforcement agencies. Information on applications for licenses, names and addresses, or other identifying information relating to license holders shall be confidential and shall not be made available except to law enforcement agencies. No request for lists of local or statewide permit holders shall be made to any state or local law enforcement agency, peace officer, or other agency of government other than the Department of Kentucky State Police, and no state or local law enforcement agency, peace officer, or agency of government, other than the Department of Kentucky State Police, shall provide any information to any requester not entitled to it by law.

(11) Within thirty (30) days after the changing of a permanent address, or within thirty (30) days after the loss, theft, or destruction of a license, the licensee shall notify the Department of Kentucky State Police of the loss, theft, or destruction. Failure to notify the Department of Kentucky State Police shall constitute a noncriminal violation with a penalty of twenty-five dollars ($25) payable to the clerk of the District Court. No court costs shall be assessed for a violation of this subsection. When a licensee makes application to change his or her residence address or other information on the license, neither the sheriff nor the Department of Kentucky State Police shall require a surrender of the license until a new license is in the office of the applicable sheriff and available for issuance. Upon the issuance of a new license, the old license shall be destroyed by the sheriff.

(12) If a license is lost, stolen, or destroyed, the license shall be automatically invalid, and the person to whom the same was issued may, upon payment of fifteen dollars ($15) for a paper request, or twenty-five dollars ($25) for an electronic request submitted in lieu of a paper request, to the Department of Kentucky State Police, obtain a duplicate, upon furnishing a notarized statement to the Department of Kentucky State Police that the license has been lost, stolen, or destroyed.

(13) (a) The commissioner of the Department of Kentucky State Police, or his or her designee in writing, shall revoke the license of any person who becomes permanently ineligible to be issued a license or have a license renewed under the criteria set forth in this section.

(b) The commissioner of the Department of Kentucky State Police, or his or her designee in writing, shall suspend the license of any person who becomes temporarily ineligible to be issued a license or have a license renewed under the criteria set forth in this section. The license shall remain suspended until the person is again eligible for the issuance or renewal of a license.

(c) Upon the suspension or revocation of a license, the commissioner of the Department of Kentucky State Police, or his or her designee in writing, shall:

1. Order any peace officer to seize the license from the person whose license was suspended or revoked; or

2. Direct the person whose license was suspended or revoked to surrender the license to the sheriff of the person's county of residence within two (2) business days of the receipt of the notice.

(d) If the person whose license was suspended or revoked desires a hearing on the matter, the person shall surrender the license as provided in paragraph (c)2. of this subsection and petition the commissioner of the Department of Kentucky State Police to hold a hearing on the issue of suspension or revocation of the license.

(e) Upon receipt of the petition, the commissioner of the Department of Kentucky State Police shall cause a hearing to be held in accordance with KRS Chapter 13B on the suspension or revocation of the license. If the license has not been surrendered, no hearing shall be scheduled or held.

(f) If the hearing officer determines that the licensee's license was wrongly suspended or revoked, the hearing officer shall order the commissioner of the Department of Kentucky State Police to return the license and abrogate the suspension or revocation of the license.

(g) Any party may appeal a decision pursuant to this subsection to the District Court in the licensee's county of residence in the same manner as for the denial of a license.

(h) If the license is not surrendered as ordered, the commissioner of the Department of Kentucky State Police shall order a peace officer to seize the license and deliver it to the commissioner.

(i) Failure to surrender a suspended or revoked license as ordered is a Class A misdemeanor.

(j) The provisions of this subsection relating to surrender of a license shall not apply if a court of competent jurisdiction has enjoined its surrender.

(k) When a domestic violence order or emergency protective order is issued pursuant to the provisions of KRS Chapter 403 against a person holding a license issued under this section, the holder of the permit shall surrender the license to the court or to the officer serving the order. The officer to whom the license is surrendered shall forthwith transmit the license to the court issuing the order. The license shall be suspended until the order is terminated, or until the judge who issued the order terminates the suspension prior to the termination of the underlying domestic violence order or emergency protective order, in writing and by return of the license, upon proper motion by the license holder. Subject to the same conditions as above, a peace officer against whom an emergency protective order or domestic violence order has been issued shall not be permitted to carry a concealed deadly weapon when not on duty, the provisions of KRS 527.020 to the contrary notwithstanding.

(14) (a) Not less than one hundred twenty (120) days prior to the expiration date of the license, the Department of Kentucky State Police shall mail to each licensee a written notice of the expiration and a renewal form prescribed by the Department of Kentucky State Police. The outside of the envelope containing the license renewal notice shall bear only the name and address of the applicant. No other information relating to the applicant shall appear on the outside of the envelope sent to the applicant. The licensee may renew his or her license on or before the expiration date by filing with the sheriff of his or her county of residence the paper renewal form, or by filing with the Department of Kentucky State Police an electronic renewal form in lieu of a paper renewal form, stating that the licensee remains qualified pursuant to the criteria specified in subsections (3) and (4) of this section, and the required renewal fee set forth in subsection (7) of this section. The sheriff shall issue to the applicant a receipt for the paper application for renewal of the license and shall date the receipt. The Department of Kentucky State Police shall issue to the applicant a receipt for an electronic application for renewal of the license submitted in lieu of a paper application for renewal and shall date the receipt.

(b) A license which has expired shall be void and shall not be valid for any purpose other than surrender to the sheriff in exchange for a renewal license.

(c) The license shall be renewed to a qualified applicant upon receipt of the completed renewal application, records check as specified in subsection (3) of this section, determination that the renewal applicant is not ineligible for a license as specified in subsection (4), and appropriate payment of fees. Upon the issuance of a new license, the old license shall be destroyed by the sheriff. A licensee who fails to file a

renewal application on or before its expiration date may renew his or her license by paying, in addition to the license fees, a late fee of fifteen dollars ($15). No license shall be renewed six (6) months or more after its expiration date, and the license shall be deemed to be permanently expired six (6) months after its expiration date. A person whose license has permanently expired may reapply for licensure pursuant to subsections (7), (8), and (9) of this section.

(15) The licensee shall carry the license at all times the licensee is carrying a concealed firearm or other deadly weapon and shall display the license upon request of a law enforcement officer. Violation of the provisions of this subsection shall constitute a noncriminal violation with a penalty of twenty-five dollars ($25), payable to the clerk of the District Court, but no court costs shall be assessed.

(16) Except as provided in KRS 527.020, no license issued pursuant to this section shall authorize any person to carry a concealed firearm into:

(a) Any police station or sheriff's office;

(b) Any detention facility, prison, or jail;

(c) Any courthouse, solely occupied by the Court of Justice courtroom, or court proceeding;

(d) Any meeting of the governing body of a county, municipality, or special district; or any meeting of the General Assembly or a committee of the General Assembly, except that nothing in this section shall preclude a member of the body, holding a concealed deadly weapon license, from carrying a concealed deadly weapon at a meeting of the body of which he or she is a member;

(e) Any portion of an establishment licensed to dispense beer or alcoholic beverages for consumption on the premises, which portion of the establishment is primarily devoted to that purpose;

(f) Any elementary or secondary school facility without the consent of school authorities as provided in KRS 527.070, any child-caring facility as defined in KRS 199.011, any day-care center as defined in KRS 199.894, or any certified family child-care home as defined in KRS 199.8982, except however, any owner of a certified child-care home may carry a concealed firearm into the owner's residence used as a certified child-care home;

(g) An area of an airport to which access is controlled by the inspection of persons and property; or

(h) Any place where the carrying of firearms is prohibited by federal law.

(17) The owner, business or commercial lessee, or manager of a private business enterprise, day-care center as defined in KRS 199.894 or certified or licensed family child-care home as defined in KRS 199.8982, or a health-care facility licensed under KRS Chapter 216B, except facilities renting or leasing housing, may prohibit persons holding concealed deadly weapon licenses from carrying concealed deadly weapons on the premises and may prohibit employees, not authorized by the employer, holding concealed deadly weapons licenses from carrying concealed deadly weapons on the property of the employer. If the building or the premises are open to the public, the employer or business enterprise shall post signs on or about the premises if carrying concealed weapons is prohibited. Possession of weapons, or ammunition, or both in a vehicle on the premises shall not be a criminal offense so long as the weapons, or ammunition, or both are not removed from the vehicle or brandished while the vehicle is on the premises. A private but not a public employer may prohibit employees or other persons holding a concealed deadly weapons license from carrying concealed deadly weapons, or ammunition, or both in vehicles owned by the employer, but may not prohibit employees or other persons holding a concealed deadly weapons license from carrying concealed deadly weapons, or ammunition, or both in vehicles owned by the employee, except that the Justice and Public Safety Cabinet may prohibit an employee from carrying any weapons, or ammunition, or both other than the weapons, or ammunition, or both issued or authorized to be used by the employee of the cabinet, in a vehicle while transporting persons under the employee's supervision or jurisdiction. Carrying of a concealed weapon, or ammunition, or both in a location specified in this subsection by a license holder shall not be a criminal act but may subject the person to denial from the premises or removal from the premises, and, if an employee of an employer, disciplinary measures by the employer.

(18) All moneys collected by the Department of Kentucky State Police pursuant to this section shall be used to administer the provisions of this section and KRS 237.138 to 237.142. By March 1 of each year, the Department of Kentucky State Police and the Administrative Office of the Courts shall submit reports to the Governor, the President of the Senate, and the Speaker of the House of Representatives, indicating the amounts of money collected and the expenditures related to this section, KRS 237.138 to 237.142, and KRS

237.115, 244.125, 527.020, and 527.070, and the administration of the provisions of this section, KRS 237.138 to 237.142, and KRS 237.115, 244.125, 527.020, and 527.070.

(19) The General Assembly finds as a matter of public policy that it is necessary to provide statewide uniform standards for issuing licenses to carry concealed firearms and to occupy the field of regulation of the bearing of concealed firearms to ensure that no person who qualifies under the provisions of this section is denied his rights. The General Assembly does not delegate to the Department of Kentucky State Police the authority to regulate or restrict the issuing of licenses provided for in this section beyond those provisions contained in this section. This section shall be liberally construed to carry out the constitutional right to bear arms for self-defense.

(20) (a) A person who is not a resident of Kentucky and who has a valid license issued by another state of the United States to carry a concealed deadly weapon in that state may, subject to provisions of Kentucky law, carry a concealed deadly weapon in Kentucky, and his or her license shall be considered as valid in Kentucky.

(b) If a person with a valid license to carry a concealed deadly weapon issued from another state that has entered into a reciprocity agreement with the Department of Kentucky State Police becomes a resident of Kentucky, the license issued by the other state shall be considered as valid for the first one hundred twenty (120) days of the person's residence in Kentucky, if within sixty (60) days of moving to Kentucky, the person completes a form promulgated by the Department of Kentucky State Police which shall include:

1. A signed and notarized statement averring that to the best of his or her knowledge the person's license to carry a concealed deadly weapon is valid and in compliance with applicable out-of-state law, and has not been revoked or suspended for any reason except for valid forfeiture due to departure from the issuing state;

2. The person's name, date of birth, citizenship, gender, Social Security number if applicable, proof that he or she is a citizen of the United States, a permanent resident of the United States, or otherwise lawfully present in the United States, former out-of-state address, current address within the state of Kentucky, date on which Kentucky residence began, state which issued the concealed carry license, the issuing state's concealed carry license number, and the state of issuance of license; and

3. A photocopy of the person's out-of-state license to carry a concealed deadly weapon.

(c) Within sixty (60) days of moving to Kentucky, the person shall deliver the form and accompanying documents by registered or certified mail, return receipt requested, to the address indicated on the form provided by the Department of Kentucky State Police pursuant to this subsection.

(d) The out-of-state concealed carry license shall become invalid in Kentucky upon the earlier of:

1. The out-of-state person having resided in Kentucky for more than one hundred twenty (120) days; or

2. The person being issued a Kentucky concealed deadly weapon license pursuant to this section.

(e) The Department of Kentucky State Police shall,~~[not later than thirty (30) days after July 15, 1998, and]~~ not less than once every twelve (12) months~~[thereafter]~~, make written inquiry of the concealed deadly weapon carrying licensing authorities in each other state as to whether a Kentucky resident may carry a concealed deadly weapon in their state based upon having a valid Kentucky concealed deadly weapon license, or whether a Kentucky resident may apply for a concealed deadly weapon carrying license in that state based upon having a valid Kentucky concealed deadly weapon license. The Department of Kentucky State Police shall attempt to secure from each other state permission for Kentucky residents who hold a valid Kentucky concealed deadly weapon license to carry concealed deadly weapons in that state, either on the basis of the Kentucky license or on the basis that the Kentucky license is sufficient to permit the issuance of a similar license by the other state. The Department of Kentucky State Police shall enter into a written reciprocity agreement with the appropriate agency in each state that agrees to permit Kentucky residents to carry concealed deadly weapons in the other state on the basis of a Kentucky-issued concealed deadly weapon license or that will issue a license to carry concealed deadly weapons in the other state based upon a Kentucky concealed deadly weapon license. If a reciprocity agreement is reached, the requirement to recontact the other state each twelve (12) months shall be eliminated as long as the reciprocity agreement is in force. The information shall be a public record and

shall be available to individual requesters free of charge for the first copy and at the normal rate for open records requests for additional copies.

(21) By March 1 of each year, the Department of Kentucky State Police shall submit a statistical report to the Governor, the President of the Senate, and the Speaker of the House of Representatives, indicating the number of licenses issued, revoked, suspended, and denied since the previous report and in total and also the number of licenses currently valid. The report shall also include the number of arrests, convictions, and types of crimes committed since the previous report by individuals licensed to carry concealed weapons.

(22) The following provisions shall apply to concealed deadly weapon training classes conducted by the Department of Criminal Justice Training or any other agency pursuant to this section:

(a) No concealed deadly weapon instructor trainer shall have his or her certification as a concealed deadly weapon instructor trainer reduced to that of instructor or revoked except after a hearing conducted pursuant to KRS Chapter 13B in which the instructor is found to have committed an act in violation of the applicable statutes or administrative regulations;

(b) No concealed deadly weapon instructor shall have his or her certification as a concealed deadly weapon instructor license suspended or revoked except after a hearing conducted pursuant to KRS Chapter 13B in which the instructor is found to have committed an act in violation of the applicable statutes or administrative regulations;

(c) The department shall not require prior notification that an applicant class or instructor class will be conducted by a certified instructor or instructor trainer;

(d) Each concealed deadly weapon instructor or instructor trainer who teaches a concealed deadly weapon applicant or concealed deadly weapon instructor class shall supply the Department of Criminal Justice Training with a class roster indicating which students enrolled and successfully completed the class, and which contains the name and address of each student, within five (5) working days of the completion of the class. The information may be sent by mail, facsimile, ***email*** ~~[e-mail]~~, or other method which will result in the receipt of or production of a hard copy of the information. The postmark, facsimile date, or e-mail date shall be considered as the date on which the notice was sent. Concealed deadly weapon class applicant, instructor, and instructor trainer information and records shall be confidential. The department may release to any person or organization the name, address, and telephone number of a concealed deadly weapon instructor or instructor trainer if that instructor or instructor trainer authorizes the release of the information in writing. The department shall include on any application for an instructor or instructor trainer certification a statement that the applicant either does or does not desire the applicant's name, address, and telephone number to be made public;

(e) An instructor trainer who assists in the conduct of a concealed deadly weapon instructor class or concealed deadly weapon applicant class for more than two (2) hours shall be considered as to have taught a class for the purpose of maintaining his or her certification. All class record forms shall include spaces for assistant instructors to sign and certify that they have assisted in the conduct of a concealed deadly weapon instructor or concealed deadly weapon class;

(f) An instructor who assists in the conduct of a concealed deadly weapon applicant class for more than two (2) hours shall be considered as to have taught a class for the purpose of maintaining his or her license. All class record forms shall include spaces for assistant instructors to sign and certify that they have assisted in the conduct of a concealed deadly weapon class;

(g) If the Department of Criminal Justice Training believes that a firearms instructor trainer or certified firearms instructor has not in fact complied with the requirements for teaching a certified firearms instructor or applicant class by not teaching the class as specified in KRS 237.126, or who has taught an insufficient class as specified in KRS 237.128, the department shall send to each person who has been listed as successfully completing the concealed deadly weapon applicant class or concealed deadly weapon instructor class a verification form on which the time, date, date of range firing if different from the date on which the class was conducted, location, and instructor of the class is listed by the department and which requires the person to answer "yes" or "no" to specific questions regarding the conduct of the training class. The form shall be completed under oath and shall be returned to the Department of Criminal Justice Training not later than forty-five (45) days after its receipt. A person who fails to complete the form, to sign the form, or to return the form to the Department of Criminal Justice Training within the time frame specified in this section or who, as a result of information on the returned form, is determined by the Department of Criminal Justice Training, following a hearing

pursuant to KRS Chapter 13B, to not have received the training required by law shall have his or her concealed deadly weapon license revoked by the Department of Kentucky State Police, following a hearing conducted by the Department of Criminal Justice Training pursuant to KRS Chapter 13B, at which hearing the person is found to have violated the provisions of this section or who has been found not to have received the training required by law;

(h) The department shall annually, not later than December 31 of each year, report to the Legislative Research Commission:

1. The number of firearms instructor trainers and certified firearms instructors whose certifications were suspended, revoked, denied, or who were otherwise disciplined;

2. The reasons for the imposition of suspensions, revocations, denials, or other discipline; and

3. Suggestions for improvement of the concealed deadly weapon applicant training program and instructor process;

(i) If a concealed deadly weapon license holder is convicted of, pleads guilty to, or enters an Alford plea to a felony offense, then his or her concealed deadly weapon license shall be forthwith revoked by the Department of Kentucky State Police as a matter of law;

(j) If a concealed deadly weapon instructor or instructor trainer is convicted of, pleads guilty to, or enters an Alford plea to a felony offense, then his or her concealed deadly weapon instructor certification or concealed deadly weapon instructor trainer certification shall be revoked by the Department of Criminal Justice Training as a matter of law; and

(k) The following shall be in effect:

1. Action to eliminate the firearms instructor trainer program is prohibited. The program shall remain in effect, and no firearms instructor trainer shall have his or her certification reduced to that of certified firearms instructor;

2. The Department of Kentucky State Police shall revoke the concealed deadly weapon license of any person who received no firearms training as required by KRS 237.126 and administrative regulations, or who received insufficient training as required by KRS 237.128 and administrative regulations, if the person voluntarily admits nonreceipt of training or admits receipt of insufficient training, or if either nonreceipt of training or receipt of insufficient training is proven following a hearing conducted by the Department of Criminal Justice Training pursuant to KRS Chapter 13B.

➔Section 8. KRS 248.664 is amended to read as follows:

Before distribution of the funds, a list of individuals or entities that are awarded tobacco settlement moneys from the tobacco settlement agreement fund under KRS 248.654, or related state or federal legislation, shall be forwarded by the cabinet, agency, corporation, authority, or other entity responsible for the distribution of the moneys to all designees of the ***Office of the Attorney General***~~[Cabinet for Health and Family Services]~~ for the administration of the child support program.

➔Section 9. KRS 403.135 is amended to read as follows:

(1) If another section of this chapter or KRS 407.5311 or 407.5602 requires the provision of a personal identifier in a pleading, document, or exhibit filed with the court, the party making the filing shall provide the personal identifier in accordance with the Kentucky Rules of Civil Procedure.

(2) The clerk of the court shall allow the unredacted sealed copy of the pleading, document, or exhibit containing personal identifiers to be accessed only by a party to the case, an attorney of record in the case, a judge of the court or other authorized court personnel, a duly authorized employee or agent of the ***Office of the Attorney General***~~[Cabinet for Health and Family Services]~~ involved in child support matters attendant to the case, or a person authorized to view the copy by specific order of the court.

(3) As used in this section, "personal identifier" means a Social Security number, name of minor child, date of birth, or financial account number.

➔Section 10. KRS 405.060 is amended to read as follows:

(1) Any sale or conveyance made to a purchaser with notice or for the benefit of any religious society, if made in fraud or hindrance of the right of wife or child to maintenance, shall be void as against the wife or child.

(2) In any case where an obligor transfers income or property to avoid payment to a child support creditor, the transfer shall be indicia of fraud. Indicia of fraud creates a prima facie case that the transfer of income or property was to avoid payment of child support. Indicia of fraud shall be set forth by administrative regulation.

(3) In any case in which the ***Office of the Attorney General*** ~~[cabinet]~~ knows of a transfer by a child support obligor with respect to which a prima facie case is established, the ***Office of the Attorney General*** ~~[cabinet]~~ shall:

(a) Seek to void the transfer; or

(b) Obtain a settlement in the best interests of the child support creditor.

➔Section 11. KRS 405.411 (Effective July 1, 2025) is amended to read as follows:

(1) The Office of the Attorney General's designee under KRS 15.802(6) for the administration of child support may compile a list of the names of persons under its jurisdiction who have a child support arrearage that equals or exceeds six (6) months without payment, or fail, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings as provided by 42 U.S.C. sec. 666(a)(16). The Office of the Attorney General may furnish this list to the newspaper of general circulation in that county for publication.

(2) The Department ***of Child Support Services*** ~~[for Income Support, Child Support Enforcement,]~~ in the ***Department of Law*** ~~[Office of the Attorney General]~~ shall determine uniform standards for publication. The Office of the Attorney General is authorized to promulgate the necessary administrative regulations under KRS Chapter 13A to implement the provisions of this section.

(3) For purposes of this section, "newspaper of general circulation" means a publication bearing a title or name, regularly issued at least as frequently as once a week for a definite price, having a second-class mailing privilege, being not less than four (4) pages, published continuously during the immediately preceding one (1) year period, which is published for the dissemination of news of general interest, and is circulated generally in the political subdivision in which it is published and in which notice is to be given. In any county where a publication fully complying with this definition does not exist, the Office of the Attorney General may publish this list in the publication utilized by the Circuit Court Clerk of the county for publication of other legal notices in the county. A newspaper that is not engaged in the distribution of news of general interest to the public, but that is primarily engaged in the distribution of news of interest to a particular group of citizens, is not a newspaper of general circulation.

➔Section 12. KRS 405.430 (Effective July 1, 2025) is amended to read as follows:

(1) When a parent presents himself to the Office of the Attorney General for the voluntary establishment of paternity and clear evidence of parentage is not present, the office shall pay when administratively ordered the cost of genetic testing to establish paternity, subject to recoupment from the alleged father when paternity is established.

(2) The Office of the Attorney General shall obtain additional testing in any case if an original test is contested, upon request and advance payment by the contestant.

(3) In a contested paternity case, the child, the mother, and the putative father shall submit to genetic testing upon a request of any of the parties, unless the person or guardian of the person who is requested to submit to genetic testing shows good cause, taking into account the best interests of the child, why the genetic tests cannot be performed. The request shall be supported by a sworn statement of the party, requesting that the test be performed, which shall include the information required by 42 U.S.C. sec. 666(a)(5)(B)(i) or (ii).

(4) When a parent who fails to support a child is not obligated to provide child support by court order, the Office of the Attorney General may administratively establish a child support obligation based upon a voluntary acknowledgment of paternity as set forth in KRS Chapter 406, the parent's minimum monthly child support obligation and proportionate share of child care costs incurred due to employment or job search of either parent, or incurred while receiving elementary or secondary education, or higher education or vocational training which will lead to employment. The monthly child support obligation shall be determined pursuant to the Kentucky child support guidelines set forth in KRS 403.212 or 403.2122. The actual cost of child care shall be reasonable and shall be allocated between the parents in the same proportion as each parent's gross income, as determined under the guidelines, bears to the total family gross income.

(5) The Office of the Attorney General shall recognize a voluntary acknowledgment of paternity as a basis for seeking a support order, irrespective of the alleged father's willingness to consent to a support order.

(6) When in the best interest of the child, the Office of the Attorney General may review and adjust a parent's child support obligation or child care obligation as established by the office, upon a request of the office when an assignment has been made, or upon either parent's petition if the amount of the child support awarded under the order differs from the amount that would be awarded in accordance with KRS 403.212 or 403.2122. The Office of the Attorney General shall notify parents at least once every three (3) years of the right to a review.

(7) In establishing or modifying a parent's monthly child support obligation, the Office of the Attorney General may use automated methods to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the adjustment to eligible orders in accordance with KRS 403.212 or 403.2122. The office shall utilize information, including financial records, about the parent and child which it has good reason to believe is reliable and may require the parents to provide income verification.

(8) In cases in which past-due support is owed for a child receiving public assistance under Title IV-A of the Federal Social Security Act, the Office of the Attorney General shall issue an administrative order, or seek a judicial order, requiring the obligated parent to participate in work activities, or educational or vocational training activities for at least twenty (20) hours per week, unless the parent is incapacitated as defined by 42 U.S.C. sec. 607.

(9) The Office of the Attorney General may disclose financial records only for the purpose of establishing, modifying, or enforcing a child support obligation of an individual. A financial institution shall not be liable to any individual for disclosing any financial record of the individual to the office attempting to establish, modify, or enforce a child support obligation.

(10) The Office of the Attorney General may issue both intrastate and interstate administrative subpoenas to any individual or entity for financial or other information or documents which are needed to establish, modify, or enforce a child support obligation pursuant to Title IV-D of the Social Security Act, 42 U.S.C. sec. 651 et seq. An administrative subpoena lawfully issued in another state to an individual or entity residing in this state shall be honored and enforced in the Circuit Court of the county in which the individual or entity resides.

(11) In any case where a person or entity fails to respond to a subpoena within the specified time frame, the ***Office of the Attorney General*** ~~[cabinet]~~ shall impose a penalty.

(12) No person shall knowingly make, present, or cause to be made or presented to an employee or officer of the ***Office of the Attorney General*** ~~[cabinet]~~ any false, fictitious, or fraudulent statement, representation, or entry in any application, report, document, or financial record used in determining child support or child care obligations.

(13) If a person knowingly or by reason of negligence discloses a financial record of an individual, that individual may pursue civil action for damages in a federal District Court or appropriate state court. No liability shall arise with respect to any disclosure which results from a good faith, but erroneous, interpretation. In any civil action brought for reason of negligence of disclosure of financial records, upon finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to:

(a) The sum of the greater of one thousand dollars ($1,000) for each act of unauthorized disclosure of financial records; or

(b) The sum of the actual damages sustained by the plaintiff resulting from the unauthorized disclosure; plus

(c) If willful disclosure or disclosure was a result of gross negligence, punitive damages, plus the costs, including attorney fees, of the action.

(14) The Office of the Attorney General shall issue an administrative order or seek a judicial order requiring a parent with a delinquent child support obligation, as defined by administrative regulation promulgated under KRS 15.055, to participate in the program described in KRS 15.816 to help low-income, noncustodial parents find and keep employment unless the parent is incapacitated as defined by 42 U.S.C. sec. 607.

➔Section 13. KRS 405.440 is amended to read as follows:

The notice of a minimum monthly support obligation shall be served in person or by certified mail, return receipt requested, and shall include at least the following:

(1) The name of the child for whom the support obligation is owed;

(2) The amount of the support debt accrued or accruing;

(3) A statement that the parent's earnings and property, both real and personal, are subject to judicial and administrative enforcement;

(4) That ***the parent***~~[he]~~ may dispute the obligation amount or any other matter contained in the notice by requesting a dispute hearing within twenty (20) days;

(5) That, unless there is good cause as determined by the ***Office of the Attorney General***~~[secretary]~~ for ***the parent's***~~[his]~~ failure to request a hearing, if ***the parent***~~[he]~~ does not request a hearing, his ***or her*** agreement will be presumed and the first payment will be due twenty (20) days after receipt of the notice; and

(6) That if ***the parent***~~[he]~~ requests a hearing and fails to appear, the hearing officer shall affirm the determination of minimum monthly support obligation.

➔Section 14. KRS 405.465 (Effective July 1, 2025) is amended to read as follows:

(1) This section shall apply only to those child support, medical support, maintenance, and medical support insurance orders that are established, modified, or enforced by the Office of the Attorney General or those court orders obtained in administering Part D, Title IV of the Federal Social Security Act.

(2) All child support orders and medical support insurance orders being established, modified, or enforced by the Office of the Attorney General, or those orders obtained pursuant to the administration of Part D, Title IV of the Federal Social Security Act, shall provide for income withholding which shall begin immediately.

(3) The court shall order either or both parents who are obligated to pay child support, medical support, or maintenance under this section to assign to the Office of the Attorney General that portion of salary or wages of the parent due and to be due in the future as will be sufficient to pay the child support amount ordered by the court.

(4) The order shall be binding upon the employer or any subsequent employer upon the service by certified mail of a copy of the order upon the employer and until further order of the court. The employer may deduct the sum of one dollar ($1) for each payment made pursuant to the order.

(5) The employer shall notify the Office of the Attorney General when an employee, for whom a wage withholding is in effect, terminates employment and provide the terminated employee's last known address and the name and address of the terminated employee's new employer, if known.

(6) (a) An employer with twenty (20) or more employees shall notify in writing the Office of the Attorney General, or its designee administering the support order, of any lump-sum payment of any kind of one hundred fifty dollars ($150) or more to be made to an employee under a wage withholding order. An employer with twenty (20) or more employees shall notify in writing the Office of the Attorney General or its designee no later than forty-five (45) days before the lump-sum payment is to be made or, if the employee's right to the lump-sum payment is determined less than forty-five (45) days before it is to be made, the date on which that determination is made. After notification, the employer shall hold each lump-sum payment of one hundred fifty dollars ($150) or more for thirty (30) days after the date on which it would otherwise be paid to the employee and, on order of the court, pay all or a specified amount of the lump-sum payment to the Department ***of Child Support Services***~~[for Income Support, Child Support Enforcement]~~. The employer may deduct the sum of one dollar ($1) for each payment.

(b) As used in this subsection, "lump-sum payment of any kind" means a lump-sum payment of earnings as defined in KRS 427.005.

(7) Any assignment made pursuant to court order shall have priority as against any attachment, execution, or other assignment, unless otherwise ordered by the court.

(8) No assignment under this section by an employee shall constitute grounds for dismissal of the obligor, refusal to employ, or taking disciplinary action against any obligor subject to withholding required by this section.

➔Section 15. KRS 405.991 is amended to read as follows:

(1) Any person or corporation violating the provisions of KRS 405.465 or 405.467 shall be fined not more than five hundred dollars ($500) or be imprisoned in the county jail for not more than one (1) year, or both.

(2) A person who violates KRS 405.490(2) shall pay the ***Office of the Attorney General***~~[cabinet]~~ the value of the property ordered to be held or the delinquent child support, whichever is ***less***~~[lesser]~~, plus interest~~[thereon]~~ at the legal rate for judgments, court costs, and reasonable attorney's fees.

(3) A person who violates KRS 405.430(12) shall be guilty of a Class A misdemeanor and, in addition to any other penalties provided by law, shall be responsible for payment of any difference between the amount of child support calculated using the correct information and the prior calculation using the false information.

➔Section 16. KRS 406.021 is amended to read as follows:

(1) Paternity may be determined upon the complaint of the mother, putative father, child, person, or agency substantially contributing to the support of the child. The action shall be brought by the county attorney or by the ***Office of the Attorney General***~~[Cabinet for Health and Family Services]~~ or its designee upon the request of complainant authorized by this section.

(2) Paternity may be determined by the District Court when the mother and father of the child, either:

(a) Submit affidavits in which the mother states the name and Social Security number of the child's father and the father admits paternity of the child; or

(b) Give testimony before the District Court in which the mother states the name and Social Security number of the child's father and the father admits paternity of the child.

(3) If paternity has been determined or has been acknowledged according to the laws of this state, the liabilities of the noncustodial parent may be enforced in the same or other proceedings by the mother, child, person, or agency substantially contributing to the cost of pregnancy, confinement, education, necessary support, or funeral expenses. Bills for testing, pregnancy, and childbirth without requiring third party foundation testimony shall be regarded as prima facie evidence of the amount incurred. An action to enforce the liabilities of the noncustodial parent shall be brought by the county attorney upon the request of such complainant authorized by this section. An action to enforce the liabilities of the cost of pregnancy, birthing costs, child support, and medical support shall be brought by the county attorney or by the ***Office of the Attorney General***~~[Cabinet for Health and Family Services]~~ or its designee.

(4) Voluntary acknowledgment of paternity pursuant to KRS 213.046 shall create a rebuttable presumption of paternity.

(5) Upon a showing of service of process on the defendant and if the defendant has made no pleading to the court or has not moved to enter evidence pursuant to KRS 406.091, the court shall order paternity to be established by default.

➔Section 17. KRS 406.035 is amended to read as follows:

(1) If paternity has been determined under the provisions of subsection (1) or (2) of KRS 406.021, the court shall make a written order of paternity.

(2) Information concerning this action received or transmitted shall not be published or be open for public inspection, including where the ***Office of the Attorney General***~~[cabinet]~~ determines reasonable evidence of domestic violence or child abuse, if the disclosure of the information could be harmful to the custodial parent or the child of the parent.

(3) Such orders are to be kept separately and shall not be open for public inspection except that they may be inspected by employees of governmental agencies in the performance of their duties, all law enforcement agencies including county attorneys, Commonwealth's attorneys, District and Circuit Judges, and anyone else under order of the court expressly permitting inspection. Either party to an action under this chapter or attorneys of a party to an action under this chapter shall be permitted to inspect the order entered in the action to which he ***or she*** is a party.

➔Section 18. KRS 406.091 is amended to read as follows:

(1) An unchallenged acknowledgment of paternity shall be ratified under KRS Chapter 213 without the requirement for judicial or administrative proceedings. If a genetic test is required, the court shall direct that inherited characteristics be determined by appropriate testing procedures, and shall appoint an expert qualified as an examiner of genetic markers to analyze and interpret results and to report to the court.

(2) In a contested paternity case, the child and all other parties shall submit to genetic testing upon a request of any such party which shall be supported by a sworn statement of the party, except for good cause.

(3) Genetic test results are admissible and shall be weighed along with other evidence of the alleged father's paternity.

(4) Any objection to genetic testing results shall be made in writing to the court within twenty (20) days of receipt of genetic test results. If the results of genetic tests or the expert's analysis of inherited characteristics is disputed, the court, upon reasonable request of a party, shall order that an additional test be made by the same laboratory or independent laboratory at the expense of the party requesting additional testing. If no objection is made, the test results are admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy.

(5) Verified documentation of the chain of custody in transmitting the blood specimens is competent evidence to establish the chain of custody.

(6) A verified expert's report shall be admitted at trial unless the expert is called by a party or the court as a witness to testify to his ***or her*** findings.

(7) Except where the ***Office of the Attorney General***~~[Cabinet for Health and Family Services]~~ administratively orders genetic testing, all costs associated with genetic testing shall be paid by the party who requested that the action be brought pursuant to KRS 406.021.

(8) When administratively ordered, the ***Office of the Attorney General***~~[cabinet]~~ shall pay the cost of genetic testing to establish paternity, subject to recoupment from the alleged father when paternity is established. The ***Office of the Attorney General***~~[cabinet]~~ shall obtain additional testing in any case if an original test is contested, upon request and advance payment by the contestant.

➔Section 19. KRS 407.440 is amended to read as follows:

If the ***Office of the Attorney General***~~[secretary for health and family services]~~ or ***its***~~[his]~~ authorized representative is of the opinion that a support order is erroneous and presents a question of law warranting an appeal in the public interest, ***the Office of the Attorney General***~~[he]~~ may perfect an appeal to the proper appellate court if the support order was issued by a court of this state, or if the support order was issued in another state, cause the appeal to be taken in the other state. In either case, expenses of appeal may be paid on ***the***~~[his]~~ order ***of the Attorney General*** from funds appropriated for his ***or her*** office.

➔Section 20. KRS 205.231 is amended to read as follows:

(1) The ***Office of Administrative Hearings within the Department of Law***~~[secretary]~~ shall appoint one (1) or more impartial hearing officers to hear and decide upon appealed decisions.

(2) Any applicant or recipient who is dissatisfied with the decision or delay in action on his or her application for public assistance or the amount granted to him or her and any applicant or recipient who was deemed ineligible or disqualified from public assistance benefits under KRS 205.193 or 205.200 may appeal to ***the cabinet***~~[a hearing officer]~~, except that an appeal and a hearing need not be granted if the sole issue is a federal or state law requiring an automatic change adversely affecting some or all recipients of the Kentucky medical assistance program so long as advance notice of the change, with an explanation of appeal rights, is provided to all affected recipients. However, a recipient may appeal whether the cabinet is accurately interpreting a change in federal or state law which may adversely affect the recipient. On receipt of an appeal, an administrative hearing shall be conducted in accordance with KRS Chapter 13B.

(3) The secretary may appoint an Appeal Board for Public Assistance composed of the secretary and two (2) other members. The secretary shall be chairman, and he or she and one (1) other member constitute a quorum.

(4) Any applicant or recipient who is dissatisfied with the decision of a hearing officer may appeal to the appeal board in the manner and form prescribed by administrative regulation. The board may on its own motion affirm, modify, or set aside any decision of a hearing officer on the basis of the evidence previously submitted in the case, or direct the taking of additional evidence, or may permit any of the parties to the decision to initiate further appeals before it. The board may remove itself or transfer to another hearing officer the proceedings on any appeal pending before a hearing officer. The board shall promptly notify the parties to any proceedings of its findings and decisions.

(5) The manner in which appeals are presented and hearings and appeals conducted under subsection (4) of this section shall be in accordance with administrative regulations promulgated by the secretary.

(6) After a decision by the appeal board, any party aggrieved by the decision may seek judicial review of the decision by filing a petition in the Circuit Court of the county in which the petitioner resides, in accordance with KRS 13B.140, 13B.150, and 13B.160.

➔Section 21. KRS 205.646 is amended to read as follows:

(1) As used in this section:

(a) "Administrative appeals hearing" means a formal adjudicatory proceeding conducted by the ***Office of Administrative Hearings within the Department of Law***~~[administrative hearing tribunal of the Cabinet for Health and Family Services]~~ in accordance with KRS Chapter 13B;

(b) "Department" means the Department for Medicaid Services;

(c) "External independent third-party review" means a review performed by an independent third party outside of the Medicaid managed care organization's internal appeal process pursuant to administrative regulations promulgated by the department;

(d) "Medicaid managed care organization" means an entity for which the Department for Medicaid Services has contracted to serve as a managed care organization as defined in 42 C.F.R. sec. 438.2; and

(e) "Provider" means any person or entity licensed in Kentucky as defined in KRS 304.17A-700(9) that provides covered services to enrollees.

(2) Notwithstanding any law to the contrary, a provider who has exhausted the written internal appeals process of a Medicaid managed care organization shall be entitled to an external independent third-party review of the Medicaid managed care organization's final decision that denies, in whole or in part, a health care service to an enrollee or a claim for reimbursement to a provider for a health care service rendered by the provider to an enrollee of the Medicaid managed care organization. A provider may submit multiple claims to be appealed in a single external independent third-party review if the provider alleges that a Medicaid managed care organization has implemented a policy or practice that results in the denial, in whole or in part, of those claims.

(3) A Medicaid managed care organization's letter to a provider reflecting the final decision of the provider's internal appeal shall include:

(a) A statement that the provider's internal appeal rights within the Medicaid managed care organization have been exhausted;

(b) A statement that the provider is entitled to an external independent third-party review; and

(c) The time period and address to request an external independent third-party review.

(4) A Medicaid managed care organization or provider shall be entitled to appeal a final decision of the external independent third-party review to the ***Office of Administrative Hearings within the Department of Law***~~[administrative hearing tribunal within the Cabinet for Health and Family Services]~~ for an administrative hearing to be held in accordance with KRS Chapter 13B. An appeal shall be filed within thirty (30) days from the appealing party's receipt of the final decision of the external independent third-party review. A decision of the ***Office of Administrative Hearings within the Department of Law***~~[administrative hearing tribunal]~~ shall be final for purposes of judicial appeal. Any appeal of a final decision of an external independent third-party review involving the submission of multiple claims as allowed under subsection (2) of this section shall be conducted as a single administrative hearing under this subsection.

(5) ~~[Within one hundred twenty (120) days after April 8, 2016,]~~The department shall promulgate administrative regulations to implement the external independent third-party review as required by this section.

(6) The department shall promulgate administrative regulations to establish reasonable fees, not to exceed one thousand dollars ($1,000), to defray expenses associated with an administrative hearing that shall be paid by the party who does not prevail in the administrative hearing. If the administrative hearing is an appeal of a final decision of an external independent third-party review involving the submission of multiple claims as allowed under subsection (2) of this section, only one (1) fee shall be assessed under this subsection against the party who does not prevail.

(7) This section shall apply to all contracts or master agreements between Medicaid managed care organizations and the Commonwealth of Kentucky entered into or renewed on or after July 1, 2016.

➔Section 22. KRS 210.440 is amended to read as follows:

(1) At the beginning of each fiscal year, the secretary of the Cabinet for Health and Family Services shall allocate available funds to the boards for mental health or individuals with an intellectual disability or nonprofit organizations for disbursement during the fiscal year in accordance with approved plans and budgets. The secretary shall, from time to time during the fiscal year, review the operations, budgets, and expenditures of the various programs; and if funds are not needed for a program to which they were allocated or if the board has failed to pay employer contributions for which it is liable by its participation in the Kentucky Employees

Retirement System, he ***or she*** may, after reasonable notice and opportunity for hearing, withdraw any funds that are unencumbered and reallocate them to other programs. He may withdraw funds from any program, or component part thereof:

(a) Which is not being operated and administered in accordance with its approved plan and budget, and the policies and administrative regulations of the cabinet promulgated pursuant to KRS 210.370 to 210.480; or

(b) If the board has failed to pay employer contributions for which it is liable by its participation in the Kentucky Employees Retirement System.

(2) If the secretary finds at any time that a board for mental health or individuals with an intellectual disability or nonprofit organization to which funds have been allocated for the operation of a regional community program for mental health or individuals with an intellectual disability is not operating and administering its program in compliance and accordance with the approved plan and budget and the policies and administrative regulations of the cabinet, or if the board has failed to pay employer contributions for which it is liable by its participation in the Kentucky Employees Retirement System or if the board has filed for bankruptcy, he ***or she*** may withdraw his ***or her*** recognition of that board or organization as the local authority for the receipt of funds and the operation and administration of regional community programs for mental health or individuals with an intellectual disability.

(3) If the secretary finds at any time that an emergency situation exists with regard to the financial stability of any regional board for mental health or individuals with an intellectual disability or nonprofit organization, including a regional board's inability to pay employer contributions to the Kentucky Employees Retirement System or a regional board's actions to file for bankruptcy, which jeopardizes the continuation of programs and provision of services in the area served by that board or nonprofit organization, he ***or she*** may, other statutes to the contrary notwithstanding:

(a) Appoint a caretaker administrator who shall be authorized to direct the operation and administration of the board or nonprofit organization's community programs for mental health or individuals with an intellectual disability including, but not limited to, their financial record keeping, their personnel management operations, and their financial and program reporting; and

(b) Make personnel changes deemed necessary to insure the continued operation of the board or nonprofit organization in compliance with its plan and budget and the policies and regulations of the cabinet.

(4) Any community board for mental health or individuals with an intellectual disability to be affected by the provisions of subsections (2) and (3) of this section shall be notified by the secretary of the Cabinet for Health and Family Services thirty (30) days prior to the anticipated action by the secretary. The notification shall be by means of a letter from the secretary to the chairman of the board for mental health or individuals with an intellectual disability in question and shall state the reasons for the anticipated action. Following the notification, the board for mental health or individuals with an intellectual disability may:

(a) Comply with the secretary's action without contesting it; or

(b) Request an administrative hearing before a hearing officer appointed by the ***Office of Administrative Hearings within the Department of Law***~~[secretary]~~ to show cause why the action should not stand. The application shall be made within seven (7) days of the receipt of the letter from the secretary, and the hearing shall be conducted in accordance with KRS Chapter 13B.

➔Section 23. KRS 210.270 is amended to read as follows:

(1) The secretary of the Cabinet for Health and Family Services is authorized to designate those private homes, private nursing homes, and private institutions that he ***or she*** deems, after a thorough investigation of the personal and financial qualifications of the owners and tenants, the facilities and management, and the desirability of the location of the homes, suitable for the placement of patients, including individuals with mental illness or an intellectual disability of all ages, outside of the state mental hospitals. The secretary of the Cabinet for Health and Family Services may promulgate, by administrative regulation, standards for the selection and operation of private homes, private nursing homes, and private institutions designated for the placement of patients. No home of an officer or employee of the Cabinet for Health and Family Services or of a member of his ***or her*** immediate family shall be designated for the placement of patients.

(2) Whenever the staff of a state mental hospital has determined that a patient who is not being held on an order arising out of a criminal offense has sufficiently improved and is not dangerous to himself***, herself,*** or other persons, and that it would be in the patient's best interest to be placed outside of the hospital in a private home

or private nursing home, the hospital shall so certify and authorize the patient to be transferred to a designated private home or private nursing home for care and custody for a length of time that the hospital deems advisable.

(3) No patient with an intellectual disability lodged in a state institution may have his ***or her*** level of care reclassified nor may ***the patient*** ~~[he]~~ be transferred to a private nursing home or other private institution without first providing ten (10) days' notice by certified mail, return receipt requested, to the patient's parents or guardian that a reclassification of the patient's level of care or a transfer in the place of residence is being considered.

(4) Any parent or guardian of any patient with an intellectual disability lodged in a state institution may participate in any evaluation procedure which may result in a reclassification of the patient's level of care or in a transfer in the place of residence of the patient. Participation may include the submission by the parents or guardian of medical evidence or any other evidence deemed relevant by the parents or guardian to the possible reclassification or transfer of the patient.

(5) If the decision to reclassify or transfer any patient with an intellectual disability is adverse to the best interests of the patient as expressed by the parents or guardian, they shall be given notice by certified mail, return receipt requested, that they are entitled to a thirty (30) day period from the receipt of such notice to file with the secretary of the Cabinet for Health and Family Services a notice of appeal and application for a hearing. Upon receipt of an application for a hearing, a hearing shall be conducted in accordance with KRS Chapter 13B.

(6) The appeal shall be heard by a three (3) member panel composed of a designated representative of the Cabinet for Health and Family Services, a designated representative of the state institution where the patient with an intellectual disability is presently lodged, and a designated neutral representative appointed by the county judge/executive ***of the county in which*** ~~[wherein]~~ the institution in question is located. The ***Office of Administrative Hearings within the Department of Law*** ~~[secretary]~~ may appoint a hearing officer to preside over the conduct of the hearing.

(7) Decisions made by the panel may be appealed to the Circuit Court of the county in which the state institution in question is located, to the Circuit Court of the county in which either of the parents or guardians or committee of the patient in question is domiciled at the time of the decision, or to Franklin Circuit Court in accordance with KRS Chapter 13B.

(8) All parents or guardians or committee of a patient with an intellectual disability lodged in a state institution shall be fully apprised by the Cabinet for Health and Family Services of their rights and duties under the provisions of subsections (3), (4), (5), (6), and (7) of this section.

(9) The provisions of KRS 210.700 to 210.760 shall apply to patients transferred to designated private homes and private nursing homes as though the patients were residing in a state mental hospital.

➔Section 24. KRS 205.915 is amended to read as follows:

(1) Within thirty (30) days of any recommendation of any decision by the cabinet, an aggrieved party may appeal. The ***Office of Administrative Hearings within the Department of Law*** ~~[secretary]~~ shall appoint one (1) or more trained hearing officers to hear and decide the appeal.

(2) Any party who is dissatisfied with the decision of the hearing officer may appeal to the appeal board. The board may on its own motion affirm, modify or set aside any decision of a hearing officer on the basis of evidence previously submitted or may direct the taking of additional evidence or may permit any party to initiate further appeals before it. The board shall notify promptly the parties of its findings and decisions.

(3) The manner in which appeals are presented and hearings and appeals conducted shall be in accordance with regulations prescribed by the secretary for determining the rights of parties, such hearings to be conducted in a summary manner. A complete record shall be kept of all proceedings in connection with any appeal. All testimony at any hearing upon an appeal shall be recorded either stenographically***, electronically,*** or mechanically. No hearing officer or member of the board shall participate in any hearing in which he ***or she*** is an interested party.

➔Section 25. KRS 211.090 is amended to read as follows:

The secretary shall:

(1) Appoint county and district boards of health pursuant to KRS 212.020 and 212.850;

(2) ~~[Hear and decide appeals from rulings, decisions and actions of the cabinet, where the aggrieved party makes written request therefor to the secretary within thirty (30) days after the ruling, decision or action complained of;~~

~~(3)]~~***Establish***~~[Adopt]~~ rules and ***promulgate administrative*** regulations ***in accordance with KRS Chapter 13A*** necessary to regulate and control all matters set forth in KRS 211.180 to the extent the regulation and control of same have not been delegated to some other agency of the Commonwealth and ***establish and*** adopt such other rules and regulations as may be necessary to effectuate the purposes of this chapter and any other law relating to public health, except as otherwise provided by law;

(3)~~[(4)]~~ Issue or deny hospital licenses;

(4)~~[(5)]~~ Approve or disapprove the establishment of proposed hospital service corporations and contracts for hospital service corporations and contracts for hospital services pursuant to KRS 304.32-030;

(5)~~[(6)]~~ Approve or disapprove of the establishment of proposed medical service plan corporations and contract for medical services pursuant to KRS 304.32-050, 304.32-140, and 304.32-160;

(6)~~[(7)]~~ Enforce the provisions of KRS 311.250, 311.260, 311.375, 311.376.

➔Section 26. KRS 216.567 is amended to read as follows:

(1) The manner in which appeals are presented from any decision on ratings, citations, or penalties pursuant to KRS 216.537 to 216.590 shall be in accordance with KRS Chapter 13B.

(2) The ***Office of Administrative Hearings within the Department of Law***~~[secretary]~~ shall appoint one (1) or more impartial hearing officers to hear and decide upon appealed decisions ***and notices of transfer or discharge***. The decision of the hearing officer shall be the final order of the cabinet.

(3) Any party aggrieved by a final order may seek judicial review by filing a petition in the Franklin Circuit Court in accordance with KRS 13B.140 and 13B.150.

➔Section 27. KRS 216B.105 is amended to read as follows:

(1) Unless otherwise provided in this chapter, no person shall operate any health facility in this Commonwealth without first obtaining a license issued by the cabinet, which license shall specify the kind or kinds of health services the facility is authorized to provide. A license shall not be transferable and shall be issued for a specific location and, if specified, a designated geographical area.

(2) The cabinet may deny, revoke, modify, or suspend a license in any case in which it finds that there has been a substantial failure to comply with the provisions of this chapter or the administrative regulations promulgated hereunder. The denial, revocation, modification, or suspension shall be effected by mailing to the applicant or licensee, by certified mail or other method of delivery which may include electronic service, a notice setting forth the particular reasons for the action. The denial, revocation, modification, or suspension shall become final and conclusive thirty (30) days after notice is given, unless the applicant or licensee, within the thirty (30) day period, shall file a request in writing for a hearing with the cabinet.

(3) The hearing shall be before a person designated to serve as hearing officer by the ***Office of Administrative Hearings within the Department of Law***~~[secretary]~~.

(4) Within thirty (30) days from the conclusion of the hearing, the findings and recommendations of the hearing officer shall be transmitted to the cabinet, with a synopsis of the evidence contained in the record and a statement of the basis of the hearing officer's findings. The applicant or licensee shall be entitled to be represented at the hearing in person or by counsel, or both, and shall be entitled to introduce testimony by witnesses or, if the ***hearing officer***~~[cabinet]~~ so permits, by depositions. A full and complete record shall be kept of all hearings, and all testimony shall be reported but need not be transcribed unless the decision is appealed pursuant to this chapter. The cabinet may adopt the hearing officer's findings and recommendations or prepare written findings of fact and state the basis for its decision which shall become part of the record of the proceedings.

(5) All decisions revoking, suspending, modifying or denying licenses shall be made by the cabinet in writing. The cabinet shall notify the applicant or licensee of the decision.

(6) The decision of the cabinet shall be final for purposes of judicial appeal upon notice of the cabinet's decision.

➔Section 28. KRS 216B.085 is amended to read as follows:

(1) ~~[Any time]~~No later than fifteen (15) days after the date the review commences, any affected person may request a public hearing. Hearings shall be before a person designated by the ***Office of Administrative Hearings within the Department of Law***~~[secretary]~~ to serve as hearing officer. The hearing officer shall be authorized to administer oaths, issue subpoenas, subpoenas duces tecum, and all necessary process in the proceedings.

(2) If a hearing is requested, the ***Office of Administrative Hearings within the Department of Law***~~[secretary]~~ shall set a date, time, and place for a public hearing. Reasonable notice of the hearing shall be given to all affected persons in accordance with administrative regulations promulgated by the cabinet.

(3) At the hearing, any party to the proceedings shall have the right to be represented by counsel, and to present oral or written arguments and evidence relevant to the matter which is the subject of the hearing, and may conduct reasonable cross-examination under oath of persons who make factual allegations relevant to such matters. A full and complete record shall be maintained of the hearing.

(4) Any decision of the cabinet to issue or deny a certificate of need shall be based solely on the record established with regard to the matter. All decisions granting, denying, or modifying a certificate of need shall be made by the cabinet in writing. The cabinet shall notify the parties to the proceedings of the decision and the decision shall be final for purposes of judicial appeal unless a request for reconsideration is filed. An approved certificate of need shall be issued forty (40) days after notice of the cabinet's decision unless a request for reconsideration is filed or a judicial appeal is taken and issuance is enjoined by the court.

➔Section 29. KRS 216B.086 is amended to read as follows:

(1) The cabinet may revoke a certificate of need, or portion thereof, for failure of the holder of the certificate to implement the project in accordance with timetables and standards for implementation established by administrative regulation of the cabinet; however, for projects involving long-term care beds, the cabinet may revoke any certificate granted which is not implemented within twenty-four (24) months or within any six (6) month reporting interval during which there is not satisfactory progress in meeting the project timetable and shall revoke any certificate granted which is not implemented within thirty-six (36) months except for those projects specified as an exception pursuant to Executive Order 96-129 in which case those projects shall be implemented according to the intervals and timetable set forth in this section, as of the effective date of Medicaid funding in the biennial budget for those projects. The administrative regulation for projects involving long-term care beds shall be based on project completion in twenty-four (24) months and shall specify criteria for measuring implementation of project objectives at six (6) month reporting intervals. If, at any six (6) month reporting period, the certificate holder is able to show good cause as to why a project failed to meet its timetables, an extension of six (6) months may be granted to meet that particular timetable. The burden of proof shall be on the certificate holder. An extension may be granted beyond a total of thirty-six (36) months, only if the applicant requests that the cabinet grant an additional six (6) month extension beyond the initial thirty-six (36) month completion period and shows good cause. For purposes of this section, there shall be deemed to be "good cause" if the project can be completed within the additional six (6) month period. In no case shall an extension be granted beyond a total of forty-two (42) months. The holder of the certificate of need shall file with the cabinet the name and business address of all owners, investors, and stockholders in the project whose ownership interest is greater than ten percent (10%). All reports submitted by the certificate holder under this subsection shall be considered a public record in accordance with the Kentucky Open Records Law, KRS 61.870 to 61.884.

(2) The cabinet shall give notice to the holder of the certificate of its initial decision to revoke the certificate of need or portion thereof. The cabinet's initial decision to revoke a certificate of need or portion thereof shall become final after thirty (30) days unless a hearing is requested. The secretary shall give notice to the holder of the certificate of a decision which has become final under the provisions of this subsection.

(3) The holder of the certificate of need to be revoked may request in writing a public hearing in respect to an initial decision by the cabinet to revoke a certificate of need within thirty (30) days of the date of notice of the initial decision. Failure to request a hearing shall constitute a waiver of any right to reconsideration or judicial appeal of a final cabinet decision to revoke a certificate of need.

(4) The hearing shall be before a person designated by the ***Office of Administrative Hearings within the Department of Law***~~[secretary]~~ to be the hearing officer. The hearing shall be no later than thirty (30) days after the request for the hearing is filed.

(5) If a hearing is requested, the ***Office of Administrative Hearings within the Department of Law***~~[secretary]~~ shall set a date, time, and place for a public hearing. Reasonable notice of the hearing shall be given to all affected persons in accordance with administrative regulations promulgated by the cabinet.

(6) At the hearing, any party to the proceedings shall have the right to be represented by counsel and to present oral or written arguments and evidence relevant to the revocation of the certificate of need and may conduct reasonable cross-examination under oath of persons who testify. A full and complete record shall be maintained of the hearing, and all testimony shall be recorded but not be transcribed unless the cabinet's final decision is appealed pursuant to this chapter.

(7) After the issuance of an initial decision to revoke a certificate of need and before a final decision is made, no person shall have ex parte contacts with employees of the cabinet regarding the revocation. If an ex parte contact occurs, it shall be promptly made a part of the record.

(8) If a hearing is requested after notice of the cabinet's initial decision to revoke a certificate of need, the ***Office of Administrative Hearings within the Department of Law***~~[cabinet]~~ shall make a final decision within thirty (30) days after the hearing. Any final decision revoking a certificate of need shall be made by the ***hearing officer***~~[cabinet]~~ in writing. The cabinet shall notify the parties to the proceedings of the final decision.

(9) Any final decision~~[of the cabinet]~~ to revoke a certificate of need shall be based solely on the record established with regard to the revocation.

(10) Except as provided in subsection (3) of this section, reconsideration pursuant to KRS 216B.090 or judicial appeal pursuant to KRS 216B.115 shall be available with regard to a final decision of the cabinet to revoke a certificate of need.

➔Section 30. KRS 216B.106 is amended to read as follows:

(1) The cabinet shall investigate~~[and hold hearings on]~~ complaints pertaining to ambulance services licensed under KRS 311A.030 that are transferred to the cabinet by the Kentucky Board of Emergency Medical Services as required by KRS 311A.055 if the cabinet determines a hearing is needed.

(2) The hearing shall be before a person designated to serve as hearing officer by the ***Office of Administrative Hearings within the Department of Law***~~[secretary]~~.

(3) Within thirty (30) days from the conclusion of the hearing, the findings and recommendations of the hearing officer shall be transmitted to the cabinet, with a synopsis of the evidence contained in the record and a statement of the basis of the hearing officer's findings. The applicant or licensee shall be entitled to be represented at the hearing in person or by counsel, or both, and shall be entitled to introduce testimony by witnesses or, if the cabinet so permits, by depositions. A full and complete record shall be kept of all hearings, and all testimony shall be reported but need not be transcribed unless the decision is appealed pursuant to this chapter. The cabinet shall immediately submit the hearing officer's findings and recommendations or the prepared written findings of fact and statement of the basis for its decision, which shall become part of the record of the proceedings, to the Kentucky Board of Emergency Medical Services.

(4) The Kentucky Board of Emergency Medical Services may deny, revoke, modify, or suspend a license in any case in which the cabinet finds that there has been a substantial failure to comply with the provisions of KRS 311A.030 or the administrative regulations promulgated hereunder. The denial, revocation, modification, or suspension shall be effected by mailing to the applicant or licensee, by certified mail or other method of delivery which may include electronic service, a notice setting forth the particular reasons for the action. The board shall notify the cabinet within five (5) days of its action in response to the cabinet's findings and recommendations in writing.

(5) The denial, revocation, modification, or suspension shall become final and conclusive thirty (30) days after notice is given, unless the applicant or licensee, within the thirty (30) day period, files a request in writing for a hearing with the cabinet. The cabinet shall notify the board of its actions within five (5) days of receiving a hearing request. All decisions revoking, suspending, modifying, or denying licenses shall be made by the board in writing. The board shall notify the applicant or licensee of the decision.

(6) The decision of the board shall be final for purposes of judicial appeal upon notice of the board's decision.

➔Section 31. KRS 199.670 is amended to read as follows:

(1) The cabinet may revoke or suspend a license issued under KRS 199.640 for any deficiency or condition which would have caused a denial of the license in the first instance. The cabinet may refuse to issue a license in any

case where the applicant is not found to meet the standards established by the secretary in an administrative regulation promulgated in accordance with the provisions of KRS 199.640.

(2) If the cabinet proposes to revoke or suspend, or to refuse to issue a license, written notice shall be given to the licensee or applicant, stating the proposed action and grounds ***for the action*** ~~[therefor]~~, and notifying the licensee or applicant that the license will be revoked, suspended, or refused unless the applicant or licensee makes a written request to engage in informal dispute resolution, in accordance with the provisions of subsection (4) of this section, or the applicant or licensee makes a written request ~~[for a hearing]~~ ***to the cabinet*** ~~[before the secretary]~~ within thirty (30) days of notice ***for a hearing before the Office of Administrative Hearings within the Department of Law***. Notice shall be complete and effective upon mailing. If the cabinet proposes to deny the issuance or renewal of a license, notice of the proposed action shall be provided to the licensee or applicant no later than thirty (30) days after the application for licensure or renewal is received by the cabinet.

(3) If a request for a hearing is made, the hearing shall be conducted in accordance with KRS Chapter 13B. If the cabinet has probable cause to believe that an immediate threat to the public health, safety, or welfare exists, the cabinet may take emergency action pursuant to KRS 13B.125.

(4) (a) Upon receipt of a statement of deficiency from the cabinet, the applicant or licensee may request one (1) informal opportunity per survey to dispute any deficiencies with which it disagrees. The applicant or licensee shall make a written request to the cabinet for informal dispute resolution, which must be received by the cabinet within ten (10) days of the receipt of the statement of deficiency by the applicant or licensee. The request shall:

1. Specify the deficiencies in dispute;
2. Provide a detailed explanation of the basis for the dispute;
3. Include any supporting documentation, including any information that was not available at the time of the survey; and
4. If desired, request a face-to-face meeting with the regional program manager, or the manager's designee, and a surveyor who did not participate in the original survey or the decision to issue the disputed deficiency.

(b) Upon receipt of a request for informal dispute resolution, the regional program manager, or the manager's designee, and a child-caring surveyor who did not participate in the original survey or the decision to issue the disputed deficiency shall, within thirty (30) days of receipt of the request, review the specific deficiencies in dispute and notify the applicant or licensee in writing of the results of the review. If a face-to-face meeting was requested by the applicant or licensee, the meeting shall be held, and no decision shall be made regarding the disputed deficiencies until after the face-to-face meeting has occurred.

1. If materials submitted by the applicant or licensee by mail or at the face-to-face meeting demonstrate that specific deficiencies should not have been cited, those deficiencies will be removed from the statement of deficiencies and any enforcement actions imposed solely as a result of those cited deficiencies will be rescinded.
2. If, after review of the disputed deficiencies, the regional office staff affirms the deficiencies, the licensee or applicant may accept the findings of the regional office staff and make any corrections required by the cabinet, or may, within thirty (30) days of receipt of the notice, request in writing a meeting with the secretary or the secretary's designee. The secretary may designate an individual who holds the position of director or above to serve as the designee.
3. The secretary or the secretary's designee shall meet in person with the licensee or applicant and review the documentation available within fifteen (15) days of receipt of the request.
4. If the information provided demonstrates that specific deficiencies should not have been cited, those deficiencies will be removed from the statement of deficiencies and any enforcement actions imposed solely as a result of those cited deficiencies will be rescinded.
5. If the secretary or the secretary's designee affirms the deficiencies, the secretary or the secretary's designee shall, within fifteen (15) days issue a final written order stating the cabinet's final position regarding the deficiencies in dispute. The decision of the secretary or the secretary's designee shall be a final order for purposes of subsection (5) of this section.

(c) A request for informal dispute resolution shall not delay the required submission of a plan of correction for any deficiency not in dispute. Any corrective plan of action or similar submission required by the cabinet relating to any deficiency in dispute shall be suspended until a decision is rendered and a corrective plan of action is agreed to within the informal dispute resolution process or the secretary or the secretary's designee issues a final order.

(5) Any final order may be reviewed in the Circuit Court of the county in which the child-caring facility or child-placing agency is located in accordance with KRS Chapter 13B.

➔Section 32. KRS 405.450 (Effective July 1, 2025) is amended to read as follows:

(1) A hearing officer appointed by the ***Office of Administrative Hearings within the Department of Law***~~[secretary]~~ shall conduct dispute hearings in the county of the child or parent's residence or any other location acceptable to the parent, which shall be scheduled within sixty (60) days of the parent's request for a hearing. The dispute hearing proceedings shall be conducted in accordance with KRS Chapter 13B.

(2) The parent's obligation to pay minimum monthly support shall be stayed until ***the parent's***~~[his]~~ receipt of the final order.

(3) The parent or the Office of the Attorney General may file an appeal in the Circuit Court in the county of the parent's or the child's residence in accordance with KRS Chapter 13B.

(4) The parent shall, during the pendency of ***the parent's***~~[his]~~ appeal from the final order, absent a showing of indigency or need exceeding the child's need, pay the minimum monthly support obligation to the office, which shall, if the parent's appeal is successful, return his ***or her*** money together with interest at the legal rate for judgments.

(5) If the Office of the Attorney General elects to conduct the modification review as specified in KRS 405.430(6), either party may contest the adjustment to the obligation amount within thirty (30) days after the date of the notice of the adjustment by requesting a review under subsection (1) of this section and, if appropriate, a request for adjustment of the order as permitted by this chapter.

➔Section 33. This Act takes effect July 1, 2025.

Signed by Governor March 24, 2025.

CHAPTER 60

(HB 306)

AN ACT relating to the licensing of professional engineers.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 322.040 is amended to read as follows:

(1) A person shall qualify for licensure as a professional engineer by meeting the requirements set forth in paragraph (a) or (b) of this subsection.

(a) A person shall qualify if he or she has:

1. Graduated from ***one (1) of the following:***

a. An engineering program of four (4) years or more accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology or any engineering program deemed equivalent by the board; ***or***

b. A fire protection engineering technology program of four (4) years or more accredited by the Engineering Technology Accreditation Commission of the Accreditation Board for Engineering and Technology with at least forty-five (45) college semester credit hours of engineering topics, including engineering science or engineering design courses;

2. ***For an applicant qualifying for licensure pursuant to subparagraph 1.a. of this paragraph,*** four (4) or more additional years of progressive experience in engineering or teaching of a grade and character which indicates to the board that the applicant is competent to practice engineering;~~[and]~~

3. ***For an applicant qualifying for licensure pursuant to subparagraph 1.b. of this paragraph, the individual shall obtain six (6) or more additional years of progressive experience in engineering or teaching of a grade and character that indicates to the board that the applicant is competent to practice fire protection engineering; and***

4. A passing score on:

a. The Principles and Practice of Engineering Examination; and

b. The Fundamentals of Engineering Examination. The board may allow students enrolled in the final year of an undergraduate engineering program to take this examination. Upon passing the examination, the applicant shall be designated an engineer in training.

(b) If an instructor in an engineering program accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology***, a fire protection engineering technology program accredited by the Engineering Technology Accreditation Commission of the Accreditation Board for Engineering and Technology,*** or an engineering program deemed equivalent by the board is not eligible for the exemption under subsection (2) of this section, the instructor shall have four (4) years from the date of hire to qualify for licensure by showing that he or she has:

1. Graduated from an engineering program of four (4) years or more accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology, or an engineering program deemed equivalent by the board;

2. Four (4) or more additional years of progressive experience in engineering or teaching of a grade and character which indicates to the board that the applicant is competent to practice engineering;

3. Passed the Principles and Practice of Engineering Examination; and

4. Either passed the Fundamentals of Engineering Examination or graduated from a board-approved doctoral engineering degree program.

(2) For the purpose of teaching engineering design courses only, an instructor who, on January 1, 1999, holds a tenured or tenure-track position in an engineering program defined in KRS 322.010(4)(a)3. shall be exempt from the licensure requirements of KRS 322.020 for the period that instructor is continuously employed by the institution offering that program. However, an instructor may apply and shall qualify for licensure as a professional engineer during this exempt period if he or she:

(a) Has graduated from an engineering program of four (4) years or more accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology or an engineering program deemed equivalent by the board;

(b) Has graduated from a board-approved doctoral engineering degree program, with an additional three (3) years or more of progressive experience in engineering or teaching of a grade and character which indicate to the board that the applicant is competent to practice engineering; and

(c) Has passed the Principles and Practice of Engineering Examination.

(3) Any person having the necessary qualifications prescribed in subsection (1) or (2) of this section shall be eligible to apply for licensure, even if the applicant is not practicing the profession at the time of application.

(4) The board shall promulgate administrative regulations to establish requirements for consideration of experience gained prior to graduation from an engineering program as described in subsection (1)(a)1. of this section.

(5) The board shall promulgate administrative regulations to establish requirements for consideration of engineering topics, including engineering science or engineering design courses, as described in subsection (1)(a)1.b. of this section.

Signed by Governor March 24, 2025.

CHAPTER 61

(HB 415)

AN ACT relating to the application of Subtitle 17A of KRS Chapter 304.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF SUBTITLE 17A OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section, "otherwise specifically indicated or provided" means that the section or another section of the Kentucky Revised Statutes:

(a) Expressly states that the section is applicable to; and

(b) Specifically refers to;

a type of insurance, coverage, or benefits that is excluded under subsection (2) of this section.

(2) Unless otherwise specifically indicated or provided, the sections of this subtitle shall not apply to or affect any of the following:

(a) Policies, plans, certificates, or contracts covering only accident, credit, dental, vision, or specified disease, illness, or condition;

(b) Disability income insurance;

(c) Paid family leave insurance;

(d) Long-term care insurance;

(e) Short-term nursing home insurance;

(f) Medicare supplement insurance;

(g) Hospital indemnity or other fixed indemnity insurance;

(h) Coverage provided under a limited health service benefit plan, as defined in KRS 304.17C-010, including a limited health service contract, as defined in KRS 304.38A-010;

(i) Coverage under which benefits for medical expenses are:

1. Contained in, or included as a rider, amendment, or supplemental policy provision to, any liability insurance policy or contract or equivalent self-insurance; or

2. Supplemental to other insurance or equivalent self-insurance benefits, including the following:

a. Automobile medical-payment insurance; and

b. Life insurance or endowment or annuity contracts;

(j) Medical expense reimbursement coverage that is:

1. Specifically designed to supplement, or fill gaps in, primary health insurance coverage; and

2. Provided under a policy, plan, certificate, or contract that is separate from the primary health insurance coverage;

(k) Coverage or benefits provided under:

1. KRS Chapter 205 or 342; or

2. Any other statutory-based public assistance or compensation program;

(l) Coverage or benefits for on-site medical clinics;

(m) Coverage or benefits provided under a health flexible spending arrangement; or

(n) Other types of similar or limited insurance, coverage, or benefits, to the extent specified by the commissioner in an administrative regulation promulgated in accordance with KRS Chapter 13A.

Signed by Governor March 24, 2025.

CHAPTER 62

(HB 152)

AN ACT relating to a Medicaid supplemental payment program for public ground ambulance providers.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 205 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section, "public ground ambulance provider" means a ground ambulance provider licensed in accordance with administrative regulations promulgated by the Kentucky Board of Emergency Medical Services, which is owned or operated by a city, county, urban-county government, consolidated local government, charter county government, unified local government, or special district, except for a local rescue squad district created under KRS Chapter 39F.

(2) (a) The Department for Medicaid Services shall submit a Medicaid preprint with a January 1, 2026, effective date to the Centers for Medicare and Medicaid Services seeking authorization to establish and administer a supplemental payment program to provide state-directed Medicaid managed care payments to eligible public ground ambulance providers.

(b) If approved by the Centers for Medicare and Medicaid Services, the department shall:

1. Establish and administer the program to provide state-directed Medicaid payments to eligible public ground ambulance providers for services provided under the managed care component of the Medicaid program;

2. Operate the supplemental payment program described in this section separately from the assessment and directed payment program established under KRS 142.318, 205.5601, 205.5602, and 205.5603;

3. Utilize a cost report to determine the average cost per transport, which shall be used in the upper payment limit calculation for the Medicaid managed care-directed payments;

4. Establish a cost-based payment methodology in accordance with the Centers for Medicare and Medicaid Services' rules and regulations; and

5. Promulgate administrative regulations necessary to carry out this section.

(3) (a) The state match funds required for the supplemental payment program for public ground ambulance providers shall:

1. Be provided by public ground ambulance providers participating in the supplemental payment program via intergovernmental transfers or similar government fund transfers; and

2. Include a total of two hundred thousand dollars ($200,000) annually that shall be retained by the department to offset administrative expenses related to the supplemental payment program for public ground ambulance providers. Each participating public ground ambulance provider shall be responsible for a percentage of the administrative fee retained by the department under this subparagraph equal to the percentage of the total number of qualifying ambulance runs a participating public ground ambulance provider made during the previous year.

(b) Participating public ground ambulance providers shall identify and utilize a source of funding for the intergovernmental fund transfers required by paragraph (a) of this subsection, which shall:

1. Be separate from the assessment authorized under KRS 205.6406;

2. Not be from the state general fund; and

3. Comply with the requirements of the Centers for Medicare and Medicaid Services.

(c) A continued local source of funding shall be identified for the nonfederal share, which shall:

1. Be separate from the assessment authorized under KRS 142.318;

2. Not be from the state general fund; and

3. Comply with the requirements of the Centers for Medicare and Medicaid Services.

(4) To be eligible to receive state-directed payments under this section, a public ground ambulance provider shall:

(a) Hold a valid Medicaid provider agreement;

(b) Submit an annual cost report in accordance with administrative regulations promulgated by the department; and

(c) Provide emergency medical transportation services to Medicaid beneficiaries.

Signed by Governor March 24, 2025.

CHAPTER 63

(HB 10)

AN ACT relating to the rights of real property owners.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 383 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Immediate family member" means a spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild; and

(b) "Law enforcement officer" means a:

1. Person who is employed as a sworn law enforcement officer by a city, county, urban-county government, or charter county government law enforcement agency;

2. Sheriff or full-time deputy sheriff; or

3. Constable granted police powers.

(2) A property owner or his or her authorized agent may request a law enforcement officer to immediately remove a person or persons unlawfully occupying real property pursuant to this section if:

(a) The unauthorized person is not and never has been a tenant of the premises, and never had a written or oral agreement authorized by the property owner to occupy the premises;

(b) The real property was not open to members of the public at the time the unauthorized person or persons entered;

(c) The property owner has directed the unauthorized person to leave the property;

(d) The unauthorized person or persons are not immediate family members of the property owner; and

(e) There is no pending litigation related to the real property between the property owner and any known unauthorized person.

(3) The request for immediate removal of an unlawful occupant of real property under subsection (2) of this section shall be made by presenting a completed Petition to Remove Persons Unlawfully Occupying Real Property to the law enforcement officer. The submitted petition shall be in substantially the following form:

"PETITION TO REMOVE PERSONS UNLAWFULLY OCCUPYING REAL PROPERTY

I, the owner or authorized agent of the owner of the real property located at ...., declare that (initial each box):

1. .... I am the owner of the real property or the authorized agent of the owner of the real property.

2. .... I obtained title to the property on or about.....

3. .... An unauthorized person or persons have unlawfully entered and are remaining or residing unlawfully on the real property.

4. .... The real property was not open to members of the public at the time the unauthorized person or persons entered.

5. .... I have directed the unauthorized person or persons to leave the real property, but they have not done so.

6. .... The unauthorized person or persons sought to be removed are not an owner or a co-owner of the property and have not been listed on the title to the property unless the person or persons have engaged in title fraud.

7. .... The unauthorized person or persons are not immediate family members of the property owner.

8. .... There is no litigation related to the real property pending between the property owner and any person sought to be removed.

9. .... I understand that a person or persons removed from the property pursuant to this procedure may bring a cause of action against me for any false statements made in this petition, or for wrongfully using this procedure, and that as a result of such action I may be held liable for actual damages, penalties, costs, and reasonable attorney's fees.

10. .... I am requesting the law enforcement officer to immediately remove the unauthorized person or persons from the property.

11. .... A copy of my valid government-issued identification is attached, or I am an agent of the property owner, and documents evidencing my authority to act on the property owner's behalf are attached.

I HAVE READ EVERY STATEMENT MADE IN THIS PETITION AND EACH STATEMENT IS TRUE AND CORRECT."

..... (signature of property owner or agent of owner)

(4) (a) Upon receipt of a petition in accordance with subsection (3) of this section, the law enforcement officer shall verify the identity of the petitioner. The petitioner's identity may be verified by presentation of a government-issued photo identification.

(b) If the identity of the petitioner is verified, the law enforcement officer shall, without unnecessary delay, serve a notice to immediately vacate the property on all the unlawful occupants and shall put the owner in possession of the real property.

(c) The service required in paragraph (b) of this subsection may be accomplished by hand delivery of the notice to an occupant or by posting the notice on the real property.

(d) The law enforcement officer serving the notice shall attempt to verify the identity of all persons occupying the real property and note the identities on the return of service. If appropriate, the law enforcement officer may arrest any person found on the real property for trespass, outstanding warrants, or any other legal cause.

(e) A law enforcement officer acting in good faith under this subsection shall be immune from criminal and civil liability.

(5) (a) The sheriff or constable may charge a fee of twenty dollars ($20) for service of the notice to immediately vacate the property.

(b) After the law enforcement officer serves the notice to immediately vacate the property, the property owner or authorized agent may request that the law enforcement officer remain at the premises to keep the peace while the property owner or agent changes the locks and removes the personal property of the unlawful occupants from the premises to or near the property line.

(c) The property owner or his or her authorized agent acting in good faith shall be immune from criminal and civil liability due to the loss of, destruction of, or damage to the personal property of the unlawful occupants unless the removal is found to be wrongful under subsection (6) of this section.

(6) (a) A person may bring a civil cause of action against a petitioner alleging wrongful removal under this section. A person harmed by a wrongful removal under this section may be restored to possession of the real property. A prevailing plaintiff shall be entitled to an award of court costs and reasonable attorney's fees in addition to other appropriate relief.

(b) An action for wrongful removal under this section shall be filed in the District Court of the county in which the property is located.

(c) The action for wrongful removal shall be commenced within sixty (60) days after the wrongful removal.

(7) This section shall not bar a property owner from bringing a civil cause of action against any unauthorized person for property damage, deprivation of use of property, and any other relief to which the property owner may be entitled.

(8) The Department of Kentucky State Police shall create a form containing the text of the petition as described in subsection (3) of this section and publicly post the form it on its website; provided, however, that an owner's petition is not required to appear on the Department of Kentucky State Police form to be valid.

(9) The procedures established in this section are not applicable to, and shall not be enforced against, a person who is a current or former tenant of the premises or who once had an agreement with the property owner that permitted the person to occupy the premises.

➔Section 2. KRS 512.010 is amended to read as follows:

As used in this chapter~~[The following definitions apply in this chapter unless the context otherwise requires]~~:

(1) "Lease or rental agreement" means all agreements, written or oral, embodying the terms and conditions concerning the use and occupancy of a dwelling unit or premises;

(2) "Litter" means rubbish, refuse, waste material, offal, paper, glass, cans, bottles, trash, debris**,** or any foreign substance of whatever kind or description and whether or not it is of value;

(3) "Noxious substance" means any substance capable of generating offensive, noxious**,** or suffocating fumes, gases**,** or vapors;

(4) "Property" includes livestock as defined in KRS 150.010 and poultry as defined in KRS 246.010;

(5) "Residential rental property" means any residential premises or property contained therein leased or otherwise rented to a tenant solely for residential purposes under a lease or rental agreement to which the tenant is a party;~~[and]~~

(6) ***"Squatter" means a person who enters or remains unlawfully on real property when he or she is not privileged or licensed to do so, including a person who takes up residence in a property he or she does not own, provided he or she is not a current or former tenant at the premises, did not have an agreement to occupy the premises at any time, and is not an immediate family member of the property owner; and***

(7) "Tenant" means a person entitled under a lease or rental agreement to occupy a residential rental property to the exclusion of others.

➔Section 3. KRS 512.020 is amended to read as follows:

(1) A person is guilty of criminal mischief in the first degree when, having no right to do so or any reasonable ground to believe that he or she has such right, he or she intentionally or wantonly:

(a) Defaces, destroys, or damages any property causing pecuniary loss of five hundred dollars ($500) or more;

(b) Tampers with the operations of a key infrastructure asset, as defined in KRS 511.100, in a manner that renders the operations harmful or dangerous;~~[or]~~

(c) As a tenant, intentionally or wantonly defaces, destroys, or damages residential rental property causing pecuniary loss of five hundred dollars ($500) or more***; or***

(d) As a squatter, intentionally or wantonly defaces, destroys, or damages real property causing pecuniary loss of five hundred dollars ($500) or more.

(2) Criminal mischief in the first degree is a Class D felony, unless:

(a) The offense occurs during a declared emergency as defined by KRS 39A.020 arising from a natural or man-made disaster, within the area covered by the emergency declaration, and within the area impacted by the disaster, in which case it is a Class C felony;

(b) For the first offense, if the defendant at any time prior to trial effects repair or replacement of the defaced, destroyed, or damaged property, makes complete restitution in the amount of the damage, or performs community service as required by the court, in which case it is a Class B misdemeanor. The court shall determine the number of hours of community service commensurate with the total amount of monetary damage caused by or incidental to the commission of the crime, of not less than sixty (60) hours; or

(c) For the second or subsequent offense, if the defendant at any time prior to trial effects repair or replacement of the defaced, destroyed, or damaged property, makes complete restitution in the amount of the damage, or performs community service as required by the court, in which case it is a Class A misdemeanor. The court shall determine the number of hours of community service commensurate with the total amount of monetary damage caused by or incidental to the commission of the crime, of not less than sixty (60) hours.

➔Section 4. KRS 512.030 is amended to read as follows:

(1) A person is guilty of criminal mischief in the second degree when, having no right to do so or any reasonable ground to believe that he or she has such right, he or she:

(a) Intentionally or wantonly defaces, destroys, or damages any property causing pecuniary loss of less than five hundred dollars ($500);~~[or]~~

(b) As a tenant, intentionally or wantonly defaces, destroys, or damages residential rental property causing pecuniary loss of less than five hundred dollars ($500)***; or***

(c) As a squatter, intentionally or wantonly defaces, destroys, or damages real property causing a pecuniary loss of less than five hundred dollars ($500).

(2) Criminal mischief in the second degree is a Class A misdemeanor, unless:

(a) The offense occurs during a declared emergency as defined by KRS 39A.020 arising from a natural or man-made disaster, within the area covered by the emergency declaration, and within the area impacted by the disaster, in which case it is a Class D felony; or

(b) The defendant at any time prior to trial effects repair or replacement of the defaced, destroyed, or damaged property, makes complete restitution in the amount of the damage, or performs community service as required by the court, in which case it is a Class B misdemeanor. The court shall determine the number of hours of community service commensurate with the total amount of monetary damage caused by or incidental to the commission of the crime, of not less than fifteen (15) hours.

Signed by Governor March 24, 2025.

CHAPTER 64

(HB 73)

AN ACT relating to employers of the Teachers' Retirement System.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 161.220 is amended to read as follows:

As used in KRS 161.220 to 161.716 and 161.990:

(1) "Retirement system" means the arrangement provided for in KRS 161.220 to 161.716 and 161.990 for payment of allowances to members;

(2) "Retirement allowance" means the amount annually payable during the course of his or her natural life to a member who has been retired by reason of service;

(3) "Disability allowance" means the amount annually payable to a member retired by reason of disability;

(4) "Member" means the commissioner of education, deputy commissioners, associate commissioners, and all division directors in the State Department of Education, employees participating in the system pursuant to KRS 196.167(3)(b)1., and any full-time teacher or professional occupying a position requiring certification or graduation from a four (4) year college or university, as a condition of employment, and who is employed by public boards, institutions, or agencies as follows:

(a) Local boards of education and public charter schools if the public charter school satisfies the criteria set by the Internal Revenue Service to participate in a governmental retirement plan;

(b) Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Western Kentucky University, and any community colleges established under the control of these universities;

(c) State-operated secondary area vocational education or area technology centers, Kentucky School for the Blind, and Kentucky School for the Deaf;

(d) Other public education agencies as created by the General Assembly and those members of the administrative staff of the Teachers' Retirement System of the State of Kentucky whom the board of trustees may designate by administrative regulation;

(e) Regional cooperative organizations formed by local boards of education or other public educational institutions listed in this subsection, for the purpose of providing educational services to the participating organizations;

(f) All full-time members of the staffs of the Kentucky Association of School Administrators, Kentucky Education Association, Kentucky Vocational Association, Kentucky High School Athletic Association, Kentucky Academic Association, and the Kentucky School Boards Association who were members of the Kentucky Teachers' Retirement System or were qualified for a position covered by the system at the time of employment by the association in the event that the board of directors of the respective association petitions to be included. The board of trustees of the Kentucky Teachers' Retirement System may designate by resolution whether part-time employees of the petitioning association are to be included. The state shall make no contributions on account of these employees, either full-time or part-time. The association shall make the employer's contributions, including any contribution that is specified under KRS 161.550. The provisions of this paragraph shall be applicable to persons in the employ of the associations on or subsequent to July 1, 1972;

(g) Employees of the Council on Postsecondary Education who were employees of the Department for Adult Education and Literacy and who were members of the Kentucky Teachers' Retirement System at the time the department was transferred to the council pursuant to Executive Order 2003-600;

(h) The Office of Career and Technical Education;

(i) The Office of Vocational Rehabilitation;

(j) The Kentucky Educational Collaborative for State Agency Children;

(k) The Governor's Scholars Program;

(l) Any person who is retired for service from the retirement system and is reemployed by an employer identified in this subsection in a position that the board of trustees deems to be a member, except that any person who becomes a member on or after January 1, 2022, and subsequently draws a monthly lifetime retirement allowance, shall upon reemployment after retirement not earn a second retirement account;

(m) Employees of the former Cabinet for Workforce Development who are transferred to the Kentucky Community and Technical College System and who occupy positions covered by the Kentucky Teachers' Retirement System shall remain in the Teachers' Retirement System. New employees occupying these positions, as well as newly created positions qualifying for Teachers' Retirement System coverage that would have previously been included in the former Cabinet for Workforce Development, shall be members of the Teachers' Retirement System;

(n) Effective January 1, 1998, employees of state community colleges who are transferred to the Kentucky Community and Technical College System shall continue to participate in federal old age, survivors, disability, and hospital insurance, and a retirement plan other than the Kentucky Teachers' Retirement

System offered by Kentucky Community and Technical College System. New employees occupying positions in the Kentucky Community and Technical College System as referenced in KRS 164.5807(5) that would not have previously been included in the former Cabinet for Workforce Development, shall participate in federal old age, survivors, disability, and hospital insurance and have a choice at the time of employment of participating in a retirement plan provided by the Kentucky Community and Technical College System, including participation in the Kentucky Teachers' Retirement System, on the same basis as faculty of the state universities as provided in KRS 161.540 and 161.620;

(o) Employees of the Office of General Counsel, the Office of Budget and Administrative Services, and the Office of Quality and Human Resources within the Office of the Secretary of the former Cabinet for Workforce Development and the commissioners of the former Department for Adult Education and Literacy and the former Department for Technical Education who were contributing to the Kentucky Teachers' Retirement System as of July 15, 2000;

(p) Employees of the Kentucky Department of Education only who are graduates of a four (4) year college or university, notwithstanding a substitution clause within a job classification, and who are serving in a professional job classification as defined by the department;

(q) The Governor's School for Entrepreneurs Program;

(r) Employees of the Office of Adult Education within the Department of Workforce Development in the Education and Labor Cabinet who were employees of the Council on Postsecondary Education, Kentucky Adult Education Program and who were members of the Kentucky Teachers' Retirement System at the time the Program was transferred to the cabinet pursuant to Executive Orders 2019-0026 and 2019-0027;~~[and]~~

(s) Employees of the Education Professional Standards Board who were members of the Kentucky Teachers' Retirement System at the time the employees were transferred to the Kentucky Department of Education pursuant to Executive Order 2020-590***; and***

(t) WeLeadCS, the virtual computer science career academy established in KRS 158.809;

(5) "Present teacher" means any teacher who was a teacher on or before July 1, 1940, and became a member of the retirement system created by 1938 (1st Extra. Sess.) Ky. Acts ch. 1, on the date of the inauguration of the system or within one (1) year after that date, and any teacher who was a member of a local teacher retirement system in the public elementary or secondary schools of the state on or before July 1, 1940, and continued to be a member of the system until he or she, with the membership of the local retirement system, became a member of the state Teachers' Retirement System or who becomes a member under the provisions of KRS 161.470(4);

(6) "New teacher" means any member not a present teacher;

(7) "Prior service" means the number of years during which the member was a teacher in Kentucky prior to July 1, 1941, except that not more than thirty (30) years' prior service shall be allowed or credited to any teacher;

(8) "Subsequent service" means the number of years during which the teacher is a member of the Teachers' Retirement System after July 1, 1941;

(9) "Final average salary" means the average of the five (5) highest annual salaries which the member has received for service in a covered position and on which the member has made contributions, or on which the public board, institution, or agency has picked-up member contributions pursuant to KRS 161.540(2), or the average of the five (5) years of highest salaries as defined in KRS 61.680(2)(a), which shall include picked-up member contributions. Additionally, the board of trustees may approve a final average salary based upon the average of the three (3) highest salaries for individuals who become members prior to January 1, 2022, who are at least fifty-five (55) years of age and have a minimum of twenty-seven (27) years of Kentucky service credit. However, if any of the five (5) or three (3) highest annual salaries used to calculate the final average salary was paid within the three (3) years immediately prior to the date of the member's retirement for individuals who become members prior to January 1, 2022, or within the five (5) years immediately prior to the date of the member's retirement for individuals who become members on or after January 1, 2022, the amount of salary to be included for each of those three (3) years or five (5) years, as applicable, for the purpose of calculating the final average salary shall be limited to the lesser of:

(a) The member's actual salary; or

(b) The member's annual salary that was used for retirement purposes during each of the prior three (3) years or five (5) years, as applicable, plus a percentage increase equal to the percentage increase received by all other members employed by the public board, institution, or agency, or for members of school districts, the highest percentage increase received by members on any one (1) rank and step of the salary schedule of the school district. The increase shall be computed on the salary that was used for retirement purposes. The board of trustees may promulgate an administrative regulation in accordance with KRS Chapter 13A to establish a methodology for measuring the limitation so that the combined increases in salary for each of the last three (3) full years of salary prior to retirement shall not exceed the total permissible percentage increase received by other members of the employer for the same three (3) year period.

For individuals who became members of the retirement system prior to July 1, 2021, this limitation shall not apply if the member receives an increase in salary in a percentage exceeding that received by the other members, and this increase was accompanied by a corresponding change in position or in length of employment. The board of trustees may promulgate an administrative regulation in accordance with KRS Chapter 13A to provide definitions for a corresponding change in position or in length of employment. This limitation shall also not apply to the payment to a member for accrued annual leave if the individual becomes a member before July 1, 2008, or accrued sick leave which is authorized by statute and which shall, for individuals subject to KRS 161.155(10) who became nonuniversity members of the system prior to January 1, 2022, be included as part of a retiring member's annual compensation for the member's last year of active service;

(10) "Annual compensation" means the total salary received by a member as compensation for all services performed in employment covered by the retirement system during a fiscal year. Annual compensation shall not include payment for any benefit or salary adjustments made by the public board, institution, or agency to the member or on behalf of the member which is not available as a benefit or salary adjustment to other members employed by that public board, institution, or agency. Annual compensation shall not include the salary supplement received by a member under KRS 157.197(2)(c), 158.6455, or 158.782 on or after July 1, 1996. Under no circumstances shall annual compensation include compensation that is earned by a member while on assignment to an organization or agency that is not a public board, institution, or agency listed in subsection (4) of this section. In the event that federal law requires that a member continue membership in the retirement system even though the member is on assignment to an organization or agency that is not a public board, institution, or agency listed in subsection (4) of this section, the member's annual compensation for retirement purposes shall be deemed to be the annual compensation, as limited by subsection (9) of this section, last earned by the member while still employed solely by and providing services directly to a public board, institution, or agency listed in subsection (4) of this section. The board of trustees shall determine if any benefit or salary adjustment qualifies as annual compensation. For an individual who becomes a member on or after July 1, 2008, annual compensation shall not include lump-sum payments upon termination of employment for accumulated annual or compensatory leave;

(11) "Age of member" means the age attained on the first day of the month immediately following the birthdate of the member. This definition is limited to retirement eligibility and does not apply to tenure of members;

(12) "Employ," and derivatives thereof, means relationships under which an individual provides services to an employer as an employee, as an independent contractor, as an employee of a third party, or under any other arrangement as long as the services provided to the employer are provided in a position that would otherwise be covered by the Kentucky Teachers' Retirement System and as long as the services are being provided to a public board, institution, or agency listed in subsection (4) of this section;

(13) "Regular interest" means:

(a) For an individual who becomes a member prior to July 1, 2008, interest at three percent (3%) per annum;:

(b) For an individual who becomes a member on or after July 1, 2008, but prior to January 1, 2022, interest at two and one-half percent (2.5%) per annum for purposes of crediting interest to the teacher savings account or any other contributions made by the employee that are refundable to the employee upon termination of employment; and

(c) For an individual who becomes a member on or after January 1, 2022, the rolling five (5) year yield on a thirty (30) year United States Treasury bond as of the end of May prior to the most recently completed fiscal year, except that:

1. Once the member has at least sixty (60) months of service in the system it shall mean interest at two and one-half percent (2.5%) per annum for purposes of crediting interest to employee contributions in the foundational benefit component or any other contributions made by the employee to the foundational benefit component that are refundable to the employee upon termination of employment; and

2. The board shall have the authority to adjust the regular interest rate for individuals who become members on or after January 1, 2022, in accordance with KRS 161.633 and 161.634;

(14) "Accumulated contributions" means the contributions of a member to the teachers' savings fund, including picked-up member contributions as described in KRS 161.540(2), plus accrued regular interest;

(15) "Annuitant" means a person who receives a retirement allowance or a disability allowance;

(16) "Local retirement system" means any teacher retirement or annuity system created in any public school district in Kentucky in accordance with the laws of Kentucky;

(17) "Fiscal year" means the twelve (12) month period from July 1 to June 30. The retirement plan year is concurrent with this fiscal year. A contract for a member employed by a local board of education may not exceed two hundred sixty-one (261) days in the fiscal year;

(18) "Public schools" means the schools and other institutions mentioned in subsection (4) of this section;

(19) "Dependent" as used in KRS 161.520 and 161.525 means a person who was receiving, at the time of death of the member, at least one-half (1/2) of the support from the member for maintenance, including board, lodging, medical care, and related costs;

(20) "Active contributing member" means a member currently making contributions to the Teachers' Retirement System, who made contributions in the next preceding fiscal year, for whom picked-up member contributions are currently being made, or for whom these contributions were made in the next preceding fiscal year;

(21) "Full-time" means employment in a position that requires services on a continuing basis equal to at least seven-tenths (7/10) of normal full-time service on a fiscal year basis;

(22) "Full actuarial cost," when used to determine the payment that a member must pay for service credit means the actuarial value of all costs associated with the enhancement of a member's benefits or eligibility for benefit enhancements, including health insurance supplement payments made by the retirement system. The actuary for the retirement system shall determine the full actuarial value costs and actuarial cost factor tables as provided in KRS 161.400;

(23) "Last annual compensation" means the annual compensation, as defined by subsection (10) of this section and as limited by subsection (9) of this section, earned by the member during the most recent period of contributing service, either consecutive or nonconsecutive, that is sufficient to provide the member with one (1) full year of service credit in the Kentucky Teachers' Retirement System, and which compensation is used in calculating the member's initial retirement allowance, excluding bonuses, retirement incentives, payments for accumulated sick leave, annual, personal, and compensatory leave, and any other lump-sum payment. For an individual who becomes a member on or after July 1, 2008, payments for annual or compensatory leave shall not be included in determining the member's last annual compensation;

(24) "Participant" means a member, as defined by subsection (4) of this section, or an annuitant, as defined by subsection (15) of this section;

(25) "Qualified domestic relations order" means any judgment, decree, or order, including approval of a property settlement agreement, that:

(a) Is issued by a court or administrative agency; and

(b) Relates to the provision of child support, alimony payments, or marital property rights to an alternate payee;

(26) "Alternate payee" means a spouse, former spouse, child, or other dependent of a participant, who is designated to be paid retirement benefits in a qualified domestic relations order;

(27) "University member" means an individual who becomes a member through employment with an employer specified in subsection (4)(b) and (n) of this section;

(28) "Nonuniversity member" means an individual who becomes a member through employment with an employer specified under subsection (4) of this section, except for those members employed by an employer specified in subsection (4)(b) and (n) of this section;

(29) "Accumulated employer contribution" means the employer contribution deposited to a member's account through the supplemental benefit component and regular interest credited on such amounts as provided by KRS 161.635 for nonuniversity members and KRS 161.636 for university members;

(30) "Accumulated account balance" means:

(a) For members who began participating in the system prior to January 1, 2022, the member's accumulated contributions; or

(b) For members who began participating in the system on or after January 1, 2022, the combined sum of the member's accumulated contributions and the member's accumulated employer contributions;

(31) "Foundational benefit component" means the benefits provided by KRS 161.220 to 161.716 to individuals who become members on or after January 1, 2022, except for the supplemental benefit component and retiree health benefits set forth in KRS 161.675; and

(32) "Supplemental benefit component" means:

(a) The benefit established pursuant to KRS 161.635 for individuals who become nonuniversity members on or after January 1, 2022; or

(b) The benefit established pursuant to KRS 161.636 for individuals who become university members on or after January 1, 2022.

➔Section 2. KRS 161.400 is amended to read as follows:

(1) (a) The board of trustees shall designate as actuary a competent person who shall be a fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries. He or she shall be the technical adviser of the board on matters regarding the operation of the funds of the system and shall perform such other duties as are required in connection therewith.

(b) 1. At least once in each two (2) year period, the board shall cause an actuarial investigation to be made of all of the economic experience under the retirement system, including but not limited to the inflation rate, investment return, and payroll growth assumptions, relative to the economic assumptions and funding methods previously adopted by the board.

2. At least once in each five (5) year period, the actuary shall make an actuarial investigation into all of the demographic actuarial assumptions used, including but not limited to mortality tables, withdrawal rates, and retirement rate assumptions, relative to the demographic actuarial assumptions previously adopted by the board.

3. Each actuarial investigation shall include at a minimum a summary of the changes in actuarial assumptions and funding methods recommended in the investigation and the projected impact of the recommended changes on funding levels, unfunded liabilities, and actuarially recommended contribution rates for employers over a thirty (30) year period.

(c) At least annually the actuary shall make an actuarial valuation of the retirement system. The valuation shall include:

1. A description of the actuarial assumptions used, and the assumptions shall be reasonably related to the experience of the system and represent the actuary's best estimate of anticipated experience;

2. A description of any funding methods utilized or required by state law in the development of the actuarial valuation results;

3. A description of any changes in actuarial assumptions and methods from the previous year's actuarial valuation;

4. The actuarially recommended contribution rate for employers for the upcoming budget periods;

5. A thirty (30) year projection of the funding levels, unfunded liabilities, and actuarially recommended contribution rates for employers based upon the actuarial assumptions, funding methods, and experience of the system as of the valuation date;~~[and]~~

6. A sensitivity analysis that evaluates the impact of changes in system assumptions, including but not limited to the investment return assumption, payroll growth assumption, and medical inflation rates, on employer contribution rates, funding levels, and unfunded liabilities***; and***

7. A breakdown of each individual employer's share of the actuarially accrued liability as determined solely by the system's consulting actuary and assigned to each employer based upon the last participating employer of the member or annuitant as of the valuation date. The breakdown shall include a value for each individual employer, including but not limited to each individual school district, each university, each state agency, and every other individual employer who participates in the system.

(d) On the basis of the results of the valuations, the board of trustees shall make necessary changes in the retirement system within the provisions of law and shall establish the contributions payable by employers and the state specified in KRS 161.550, including changes prescribed by KRS 161.633, 161.634, 161.635, and 161.636, as applicable.

(e) For any change in actuarial assumptions, funding methods, retiree health insurance premiums and subsidies, or any other decisions made by the board that impact system liabilities and actuarially recommended contribution rates for employers and that are not made in conjunction with the actuarial investigations required by paragraph (b) of this subsection, an actuarial analysis shall be completed showing the projected impact of the changes on funding levels, unfunded liabilities, and actuarially recommended contribution rates for employers over a thirty (30) year period.

(2) Actuarial factors and actuarial cost factor tables in use by the retirement system for all purposes shall be determined by the actuary of the retirement system and approved by the board of trustees by resolution and implemented without the necessity of an administrative regulation.

(3) A copy of each actuarial investigation, actuarial analysis, and valuation required by subsection (1) of this section shall be forwarded electronically to the Legislative Research Commission no later than ten (10) days after receipt by the board, and the Legislative Research Commission shall distribute the information received to the committee staff and co-chairs of any committee that has jurisdiction over the Teachers' Retirement System. The actuarial valuation required by subsection (1)(c) of this section shall be submitted no later than November 15 following the close of the fiscal year.

Signed by Governor March 24, 2025.

CHAPTER 65

(HB 313)

AN ACT relating to dates of recognition.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 2.112 is amended to read as follows:

(1) The following months are designated with honor in Kentucky:

(a) March of each year is designated as "National Agriculture Month";

(b) April of each year is designated as "National Soybean Month";

(c) May of each year is designated as "National Beef Month";

(d) June of each year is designated as "National Dairy Month";

(e) September of each year is designated as "National Poultry Month"; and

(f) October of each year is designated as "National Pork Month."

(2) The week of George Washington's birthday, February 22 of each year, is designated with honor as "National Future Farmers of America (FFA) Week" in Kentucky.

(3) The first full week of October of each year is designated with honor as "National 4-H Week" in Kentucky.

(4) March 22 of each year is designated as "National Agriculture (Ag) Day" throughout the Commonwealth.

(5) The month of June of each year is designated as "Kentucky History Month" in Kentucky.

Signed by Governor March 24, 2025.

CHAPTER 66

(SB 4)

AN ACT relating to protection of information and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 42.722 is amended to read as follows:

As used in KRS 42.720 to 42.742:

(1) ***"Artificial intelligence" means the use of machine learning and related technologies that uses data to train statistical models for the purpose of enabling computer systems to perform tasks normally associated with human intelligence or perception;***

(2) "Artificial intelligence system":

(a) Means any machine-based computing system that, for any explicit or implicit objective, infers from the inputs such system receives how to generate outputs, including but not limited to content, decisions, predictions, or recommendations, that can influence physical or virtual environments; and

(b) Does not include an artificial intelligence system that is used for development, prototyping, and research activities before such artificial intelligence system;

(3) "Communications" or "telecommunications" means any transmission, emission, or reception of signs, signals, writings, images, and sounds of intelligence of any nature by wire, radio, optical, or other electromagnetic systems, and includes all facilities and equipment performing these functions;

(4) "Consequential decision" means any decision that has a material legal or similarly significant effect on the provision or denial of services, cost, or terms to any citizen or business;

(5) "Deployer" means any state department, state agency, or state administrative body in the Commonwealth that puts into use a high-risk artificial intelligence system;

(6) "Developer" means any department, agency, or administrative body that develops or intentionally and substantially modifies a high-risk artificial intelligence system that is offered, purchased, sold, leased, given, or otherwise provided to citizens and businesses in the Commonwealth;

(7) "Foundation model" means a machine learning model that is trained on broad data at scale, designed for generality of output, and can be adapted to a wide range of distinctive tasks;

(8) "General-purpose artificial intelligence model":

(a) Means a model used by any form of artificial intelligence system that displays significant generality, is capable of performing a wide range of distinct tasks, and can be integrated into a variety of subsequent applications or systems; and

(b) Does not include any artificial intelligence model that is used for development, prototyping, and research activities before such artificial intelligence model is released on the market;

(9) "Generative artificial intelligence" means an artificial intelligence system that is capable of producing and used to produce synthetic content, including audio, images, text, and videos;

(10) "Generative artificial intelligence system" means any artificial intelligence system or service that incorporates generative artificial intelligence;

(11) ~~[(2)]~~ "Geographic information system" or "GIS" means a computerized database management system for the capture, storage, retrieval, analysis, and display of spatial or locationally defined data;

(12) "High-risk artificial intelligence system":

(a) Means any artificial intelligence system that is a substantial factor in the decision-making process or specifically intended to autonomously make, or be a substantial factor in making, a consequential decision; and

(b) Does not include a system or service intended to perform a narrow procedural task, improve the result of a completed human activity, or detect decision-making patterns or deviations from previous decision-making patterns and is not meant to replace or influence human assessment without human review, or perform a preparatory task in an assessment relevant to a consequential decision;

(13) ~~[(3)]~~ "Information resources" means the procedures, equipment, and software that are designed, built, operated, and maintained to collect, record, process, store, retrieve, display, and transmit information, and associated personnel;

(14) ~~[(4)]~~ "Information technology" means data processing and telecommunications hardware, software, services, supplies, facilities, maintenance, and training that are used to support information processing and telecommunications systems to include geographic information systems;

(15) "Machine learning" means the development of algorithms to build data-derived statistical models that are capable of drawing inferences from previously unseen data without explicit human instruction;

(16) ~~[(5)]~~ "Personal information" has the same meaning as in KRS 61.931;

(17) ~~[(6)]~~ "Project" means a program to provide information technologies support to functions within an executive branch state agency, which should be characterized by well-defined parameters, specific objectives, common benefits, planned activities, expected outcomes and completion dates, and an established budget with a specified source of funding;

(18) ~~[(7)]~~ "Security breach" has the same meaning as in KRS 61.931; and

(19) ~~[(8)]~~ "Technology infrastructure" means any computing equipment, servers, networks, storage, desktop support, telephony, enterprise shared systems, information technology security, disaster recovery, business continuity, database administration, and software licensing.

➔Section 2. KRS 42.726 is amended to read as follows:

(1) The Commonwealth Office of Technology shall be the lead organizational entity within the executive branch regarding delivery of information technology services, including application development and delivery, and shall serve as the single information technology authority for the Commonwealth.

(2) The roles and duties of the Commonwealth Office of Technology shall include but not be limited to:

(a) Providing technical support and services to all executive agencies of state government in the application of information technology;

(b) Assuring compatibility and connectivity of Kentucky's information systems;

(c) Developing strategies and policies to support and promote the effective applications of information technology within state government as a means of saving money, increasing employee productivity, and improving state services to the public, including electronic public access to information of the Commonwealth;

(d) Developing, implementing, and managing strategic information technology directions, standards, and enterprise architecture, including implementing necessary management processes to ensure full compliance with those directions, standards, and architecture;

(e) Promoting effective and efficient design and operation of all major information resources management processes for executive branch agencies, including improvements to work processes;

(f) Developing, implementing, and maintaining the technology infrastructure of the Commonwealth and all related support staff, planning, administration, asset management, and procurement for all executive branch cabinets and agencies except:

1. Agencies led by a statewide elected official;

2. The nine (9) public institutions of postsecondary education;

3. The Department of Education's services provided to local school districts;

4. The Kentucky Retirement Systems, the County Employees Retirement System, the Kentucky Public Pensions Authority, and the Teachers' Retirement System;

5. The Kentucky Housing Corporation;

6. The Kentucky Lottery Corporation;

7. The Kentucky Higher Education Student Loan Corporation; and

8. The Kentucky Higher Education Assistance Authority;

(g) Facilitating and fostering applied research in emerging technologies that offer the Commonwealth innovative business solutions;

(h) Reviewing and overseeing large or complex information technology projects and systems for compliance with statewide strategies, policies, and standards, including alignment with the Commonwealth's business goals, investment, and other risk management policies. The executive director is authorized to grant or withhold approval to initiate these projects;

(i) Integrating information technology resources to provide effective and supportable information technology applications in the Commonwealth;

(j) Establishing the central statewide geographic information clearinghouse to maintain map inventories, information on current and planned geographic information systems applications, information on grants available for the acquisition or enhancement of geographic information resources, and a directory of geographic information resources available within the state or from the federal government;

(k) Coordinating multiagency information technology projects, including overseeing the development and maintenance of statewide base maps and geographic information systems;

(l) Providing access to both consulting and technical assistance, and education and training, on the application and use of information technologies to state and local agencies;

(m) In cooperation with other agencies, evaluating, participating in pilot studies, and making recommendations on information technology hardware and software;

(n) Providing staff support and technical assistance to the Geographic Information Advisory Council and the Kentucky Information Technology Advisory Council;

(o) Overseeing the development of a statewide geographic information plan with input from the Geographic Information Advisory Council;

(p) Developing for state executive branch agencies a coordinated security framework and model governance structure relating to the privacy and confidentiality of personal information collected and stored by state executive branch agencies, including but not limited to:

1. Identification of key infrastructure components and how to secure them;

2. Establishment of a common benchmark that measures the effectiveness of security, including continuous monitoring and automation of defenses;

3. Implementation of vulnerability scanning and other security assessments;

4. Provision of training, orientation programs, and other communications that increase awareness of the importance of security among agency employees responsible for personal information; and

5. Development of and making available a cyber security incident response plan and procedure;~~[and]~~

(q) ***Establishing, publishing, maintaining, and implementing comprehensive policy standards and procedures for the responsible, ethical, and transparent use of generative artificial intelligence systems and high-risk artificial intelligence systems by departments, agencies, and administrative bodies, including but not limited to policy standards and procedures that:***

1. Govern their procurement, implementation, and ongoing assessment;

2. Address and provide resources for security of data and privacy; and

3. Create guidelines for acceptable use policies for integrating high-risk artificial intelligence systems; and

(r) Preparing proposed legislation and funding proposals for the General Assembly that will further solidify coordination and expedite implementation of information technology systems.

(3) The Commonwealth Office of Technology may:

(a) Provide general consulting services, technical training, and support for generic software applications, upon request from a local government, if the executive director finds that the requested services can be rendered within the established terms of the federally approved cost allocation plan;

(b) Promulgate administrative regulations in accordance with KRS Chapter 13A necessary for the implementation of KRS 42.720 to 42.742, 45.253, 171.420, 186A.040, and 186A.285;

(c) Solicit, receive, and consider proposals from any state agency, federal agency, local government, university, nonprofit organization, private person, or corporation;

(d) Solicit and accept money by grant, gift, donation, bequest, legislative appropriation, or other conveyance to be held, used, and applied in accordance with KRS 42.720 to 42.742, 45.253, 171.420, 186A.040, and 186A.285;

(e) Make and enter into memoranda of agreement and contracts necessary or incidental to the performance of duties and execution of its powers, including but not limited to agreements or contracts with the United States, other state agencies, and any governmental subdivision of the Commonwealth;

(f) Accept grants from the United States government and its agencies and instrumentalities, and from any source, other than any person, firm, or corporation, or any director, officer, or agent thereof that manufactures or sells information resources technology equipment, goods, or services. To these ends, the Commonwealth Office of Technology shall have the power to comply with those conditions and execute those agreements that are necessary, convenient, or desirable; and

(g) Purchase interest in contractual services, rentals of all types, supplies, materials, equipment, and other services to be used in the research and development of beneficial applications of information resources technologies. Competitive bids may not be required for:

1. New and emerging technologies as approved by the executive director or her or his designee; or

2. Related professional, technical, or scientific services, but contracts shall be submitted in accordance with KRS 45A.690 to 45A.725.

(4) Nothing in this section shall be construed to alter or diminish the provisions of KRS 171.410 to 171.740 or the authority conveyed by these statutes to the Archives and Records Commission and the Department for Libraries and Archives.

(5) The Commonwealth Office of Technology shall, on or before October 1 of each year, submit to the Legislative Research Commission a report in accordance with KRS 57.390 detailing:

(a) Any security breaches that occurred within organizational units of the executive branch of state government during the prior fiscal year that required notification to the Commonwealth Office of Technology under KRS 61.932;

(b) Actions taken to resolve the security breach, and to prevent additional security breaches in the future;

(c) A general description of what actions are taken as a matter of course to protect personal data from security breaches; and

(d) Any quantifiable financial impact to the agency reporting a security breach.

➔SECTION 3. A NEW SECTION OF KRS 42.720 TO 42.742 IS CREATED TO READ AS FOLLOWS:

(1) The Commonwealth Office of Technology shall create an Artificial Intelligence Governance Committee to govern the use of artificial intelligence systems by state departments, state agencies, and state administrative bodies by:

(a) Developing policy standards and guiding principles to mitigate risks and protect data and privacy of Kentucky citizens and businesses that adhere to the latest version of Standard ISO/IEC 42001 of the International Organization for Standardization;

(b) Establishing technology standards to provide protocols and requirements for the use of generative artificial intelligence and high-risk artificial intelligence systems;

(c) Ensuring transparency in the use of artificial intelligence systems;

(d) Maintaining a centralized registry to include current inventory of generative artificial intelligence systems and high-risk artificial intelligence systems; and

(e) Developing an approval process to include a registry of application, use case, and decision rationale aimed at mitigation of risks.

(2) The Artificial Intelligence Governance Committee shall develop policies and procedures to ensure that any department, program, cabinet, agency, or administrative body that utilizes and accesses the Commonwealth's information technology and technology infrastructure shall:

(a) Verify the use and development of generative artificial intelligence systems and high-risk artificial intelligence systems; and

(b) Act in compliance with responsible, ethical, and transparent procedures to implement the use of artificial intelligence technologies by:

1. Ensuring artificial intelligence models have comprehensive and complete documentation that is available for review and inspection;

2. Requiring review and intervention by humans dependent on the use case and potential risk for all outcomes from generative and high-risk artificial intelligence systems; and

3. Ensuring the use of generative artificial intelligence and high-risk artificial intelligence systems are resilient, accountable, and explainable.

(3) The Commonwealth Office of Technology shall prioritize personal privacy and the protection of the data of individuals and businesses as the state develops, implements, employs, and procures artificial intelligence systems, generative artificial intelligence systems, and high-risk artificial intelligence systems by ensuring all departments, agencies, and administrative bodies:

(a) Allow only the use of necessary data in artificial intelligence systems;

(b) Do not allow unrestricted access to personal data controlled by the Commonwealth; and

(c) Secure all data and implement a timeframe for data retention.

(4) To maintain and secure the technology infrastructure, information technology, information resources, and personal information, all departments, agencies, and administrative bodies shall be subject to review of generative artificial intelligence systems or high-risk artificial intelligence systems.

(5) At a minimum, the executive director of the Commonwealth Office of Technology shall consider and document:

(a) How the artificial intelligence system will not result in unlawful discrimination against any individual or group of individuals;

(b) How the use of generative artificial intelligence or other artificial intelligence capabilities will benefit the citizens of the Commonwealth and serve the objectives of the department or agency;

(c) To what extent oversight and human interaction of the artificial intelligence system should be required;

(d) The potential risks, including cybersecurity, data protection and privacy, and health and safety of individuals and businesses, and a mitigation strategy to any identified or potential risk; and

(e) The proper control and management for all data possessed by the Commonwealth to maintain security and data quality.

(6) (a) A department, agency, or administrative body shall disclose to the public, through a clear and conspicuous disclaimer, when generative artificial intelligence, artificial intelligence systems, or other artificial intelligence-related capabilities are used:

1. To render any decision regarding individual citizens or businesses within the state;

2. In any process, or to produce materials used by the system or humans, to inform a decision or create an output; or

3. To produce information or outputs accessible by citizens and businesses.

(b) When an artificial intelligence system makes external decisions related to citizens of the Commonwealth, a department, agency, or administrative body shall:

1. Disclose how artificial intelligence is used in the decision-making process;

2. Provide the extent of human involvement in validating and oversight of any decision made; and

3. Make readily available options for individuals to appeal a consequential decision that involves artificial intelligence.

(c) Any disclaimer under paragraph (a) of this subsection shall also provide information regarding third-party artificial intelligence products or programs, including but not limited to information as to how the high-risk artificial intelligence system or generative artificial intelligence system works, such as system cards or other documented information provided by developers.

(7) The Commonwealth Office of Technology shall establish policies to encompass legal and ethical frameworks to ensure that any artificial intelligence systems shall align with existing laws, administrative regulations, and guidelines, which shall be updated at least annually to maintain compliance as technology and industry best practices evolve.

(8) (a) Operating standards for utilization of high-risk artificial intelligence systems shall prohibit the use of a high-risk artificial intelligence system to render a consequential decision without the design and implementation of a risk management policy and program for high-risk artificial intelligence systems. The risk management policy shall:

1. Specify principles, process, and personnel that shall be utilized to maintain the risk management program; and

2. Identify, mitigate, and document any bias or potential bias that is a potential consequence of use in making a consequential decision.

(b) Each risk management policy designed and implemented shall at a minimum adhere to the latest version of Standard ISO/IEC 42001 of the International Organization for Standardization, or another national or internationally recognized risk management framework for artificial intelligence systems, and consider the:

1. Size and complexity of the deployer;

2. Nature, scope, and intended use of the high-risk artificial intelligence system and its deployer; and

3. Sensitivity and volume of data processed.

(9) Sections 1 to 3 of this Act shall not be construed to require the disclosure of trade secrets, confidential or proprietary information about the design or use of an artificial intelligence system, or any information which would create a security risk.

(10) The Commonwealth Office of Technology shall provide education and training of employees about the benefits and risks of artificial intelligence and allowable use policies.

(11) (a) The Commonwealth Office of Technology shall transmit reports to the Legislative Research Commission and the Interim Joint Committee on State Government by December 1, 2025, and annually every year thereafter. The reports shall include:

1. The artificial intelligence registry, which shall include the current inventory and use case of artificial intelligence utilized in state government;

2. Applications received for use of artificial intelligence, including the decision and rationale in approving or disapproving a request in compliance with subsection (5)(c) of this section; and

3. Third-party artificial intelligence developers, system administrators, providers, and contractors submitted for review in compliance with subsection (5) of this section.

(b) To facilitate the report in paragraph (a) of this subsection, the Commonwealth Office of Technology shall receive from each department, agency, and administrative body a report examining and identifying potential use cases for the deployment of generative artificial intelligence systems and

high-risk artificial intelligence systems, including a description of the benefits and risks to individuals, communities, government, and government employees.

(12) The Commonwealth Office of Technology shall promulgate administrative regulations in accordance with KRS Chapter 13A to implement this section and Section 2 of this Act by December 1, 2025.

➔Section 4. KRS 117.001 is amended to read as follows:

As used in this chapter~~[, unless the context otherwise requires]~~:

(1) "Audit log" means a detailed record of all actions and events that have occurred on the voting system, including:

(a) Log-in attempts with username and time stamp;

(b) Election definition and setup;

(c) Ballot preparation and results processing;

(d) Diagnostics of any type; and

(e) Error and warning messages and operator response;

(2) "Automatic tabulating equipment" means apparatus necessary to automatically examine and count votes as designated on ballots and data processing machines which can be used for counting ballots and tabulating results;

(3) "Ballot" or "official ballot" means the official presentation of offices and candidates to be voted for, including write-in candidates, and all public questions submitted for determination, and shall include a voting machine ballot, a paper ballot, an absentee ballot, a federal provisional ballot, a federal provisional absentee ballot, or a supplemental paper ballot which has been authorized for the use of voters in any primary, regular election, or special election by the Secretary of State or the county clerk;

(4) "Ballot box" means any box, bag, or other container that can be locked, sealed, or otherwise rendered tamper-resistant, for receiving ballots;

(5) "Ballot marking device" means any approved device for marking a ballot which will enable the ballot to be tabulated manually or by means of automatic tabulating equipment;

(6) "Election" or "elections" means any primary, regular election, or special election;

(7) "Election officer" has the same meaning as in KRS 118.015;

(8) ***(a) "Electioneering communication" means any communication broadcast by cable, internet, television, or radio, presented on an electronic billboard, made in telephone calls to personal residences, or otherwise electronically distributed that:***

1. Unambiguously refers to any candidate for any state, county, city, or district office, or to any ballot measure;

2. Is broadcast, printed, mailed, delivered, made, or distributed within forty-five (45) days before a primary or regular election; and

3. Is broadcast to, distributed to, in telephone calls made to, or otherwise distributed to an audience that includes members of the electorate for such public office or the electorate associated with the ballot containing the ballot measure.

(b) "Electioneering communication" does not include:

1. Any news articles, editorial endorsements, opinions or commentary, writings, or letters to the editor printed in a newspaper, magazine, or other periodical not owned or controlled by a candidate, committee, or political party;

2. Any editorial endorsements or opinions aired by a broadcast facility not owned or controlled by a candidate, committee, or political party;

3. Any communication by persons made in the regular course and scope of their business or any communication made by a membership organization solely to members of such an organization and their families;

4. Any communication that refers to any candidate only as part of the popular name of a bill or statute;

5. A communication that constitutes a contribution or independent expenditure as defined in KRS 121.015; or

6. A bona fide newscast, news interview, news documentary, or on-the-spot coverage of a bona fide news event broadcast on any radio or television broadcasting station, including a cable or satellite television operator, programmer, or producer, that is not owned or controlled by a candidate, committee, or political party, provided that the entity does not remove or modify any disclaimer provided by the sponsor of the communication;

(9) "E-poll book" means an electronic device capable of holding a file of voter data and related information for use in identifying registered voters prior to a voter's receiving or casting a ballot, and allowing a voter to electronically sign in on an electronic registered voter roster in lieu of signing a paper registered voter roster;

(10) ~~[(9)]~~ "Federal provisional voter" means a person:

(a) Who does not appear to be registered to vote;

(b) Whose name does not appear on the precinct roster;

(c) Who has not provided proof of identification to the precinct election officer before voting in a federal election; and

(d) Who elects to proceed with voting a federal provisional ballot under KRS 117.229;

(11) ~~[(10)]~~ "Federal provisional ballot" or "federal provisional absentee ballot" means ballots which have been authorized by the Secretary of State or the county clerk to be used by federal provisional voters in any federal primary or election;

(12) ~~[(11)]~~ ***"Information content provider" means any person or entity that is responsible, in whole or in part, for the creation or development of information provided through the internet or any other interactive computer service;***

(13) "Inner envelope" or "secrecy envelope" means the envelope provided to the voter with a ballot into which the voter shall place his or her voted ballot;

(14) "Interactive computer service":

(a)_ Means any information service, system, or access software provider that provides or enables computer access by multiple users to a computer server, including specifically a service or system that provides access to the internet and such services offered or systems operated by libraries or educational institutions; and

(b) Does not include exemptions in the Communication Decency Act of 1996, as amended, 47 U.S.C. sec. 230;

(15) ~~[(12)]~~ "Political group" has the same meaning as in KRS 118.015;

(16) ~~[(13)]~~ "Political organization" has the same meaning as in KRS 118.015;

(17) ~~[(14)]~~ "Precinct ballot counter" means an automatic tabulating device used at the precinct to tabulate and process ballots;

(18) ~~[(15)]~~ "Proof of identification" means a document that was issued by:

(a) The United States or the Commonwealth of Kentucky, and the document contains:

1. The name of the individual to whom the document was issued; and

2. A photograph of the individual to whom the document was issued;

(b) The United States Department of Defense, a branch of the uniformed services, the Merchant Marine, or the Kentucky National Guard, and the document contains:

1. The name of the individual to whom the document was issued; and

2. A photograph of the individual to whom the document was issued;

(c) A public or private college, university, or postgraduate technical or professional school located within the United States, and the document contains:

1. The name of the individual to whom the document was issued; and

2. A photograph of the individual to whom the document was issued; or

(d) Any city government, county government, urban-county government, charter county government, consolidated local government, or unified local government, which is located within this state, and the document contains:

1. The name of the individual to whom the document was issued; and

2. A photograph of the individual to whom the document was issued;

(19) "Sponsor" means the person or entity paying for the electioneering communication. If a person or entity acts as an agent for another or is reimbursed by another for the payment, the original source of the payment is the sponsor;

(20) (a) 1. "Synthetic media" means an audio recording or video recording of an identifiable natural individual's appearance, action, or speech that has been intentionally manipulated with the use of generative adversarial network techniques in a manner to create a realistic but false audio or video that produces:

a. A depiction that, to a reasonable individual, is of an identifiable natural individual in appearance, action, or speech that did not actually occur in reality and that was created without the consent of such individual; and

b. A fundamentally different understanding or impression of the appearance, action, or speech than a reasonable person would have from the unaltered, original version of the audio recording or video recording.

2. As used in this paragraph:

a. "Generative adversarial network" means a machine learning model that uses neural networks to develop new data and make more accurate predictions; and

b. "Neural network" means a machine learning algorithm modeled on the human brain and nervous system.

(b) "Synthetic media" does not include content that contains a disclosure under subsection (1) of Section 5 of this Act.

(21) ~~[(16)]~~ "Voting booth" or "ballot completion area" means an area in which a voter casts his or her vote or completes his or her ballot which is designed to ensure the secrecy of the vote;

(22) ~~[(17)]~~ "Vote center" means a consolidated precinct of the county;

(23) ~~[(18)]~~ "Voting equipment" means any physical component of a voting system and includes voting machines where voting machines are in operation;

(24) ~~[(19)]~~ "Voting machine" or "machine":

(a) Means a part of a voting system that consists of one (1) or more electronic devices that operate independently or as a combination of a ballot marking device and an electronic or automatic vote tabulation device; and

(b) Does not include an e-poll book;

(25) ~~[(20)]~~ "Voting system":

(a) Means the total combination of physical, mechanical, electromechanical, or electronic equipment, including the software, hardware, firmware, and documentation required to program, control, and support that equipment, that is used to:

1. Define ballots;

2. Cast and count votes;

3. Report or display election results; and

4. Maintain and produce any audit trail information;

(b) Includes the practices and associated documentation used to:

1. Identify system components and versions of those components;

2. Test the system during its development and maintenance;

3. Maintain records of system errors and defects;

4. Determine specific system changes to be made to a system after the initial qualification of the system;

5. Make available any materials to the voter, such as notices, instructions, forms, or paper ballots; and

(c) Does not include an e-poll book; and

(26)~~[(21)]~~ "Voter-verified paper audit trail" means a contemporaneous paper record of a ballot printed for the voter to confirm his or her votes before the voter casts his or her ballot that:

(a) Allows the voter to verify the voter's ballot choices before the casting of the voter's ballot;

(b) Is not retained by the voter;

(c) Does not contain individual voter information;

(d) Is produced on paper that is sturdy, clean, and resistant to degradation; and

(e) Is readable in a manner that makes the voter's ballot choices obvious to the voter or any person without the use of computer or electronic code.

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 117 IS CREATED TO READ AS FOLLOWS:

(1) (a) Any candidate for any elected office whose appearance, action, or speech is altered through the use of synthetic media in an electioneering communication may seek injunctive or other equitable relief against the sponsor of the electioneering communication requiring that the communication includes a disclosure that is clear and conspicuous and included in, or alongside and associated with, the content in a manner that is likely to be noticed by the user.

(b) The court may award a prevailing party reasonable attorney's fees and costs. This paragraph does not limit or preclude a plaintiff from securing or recovering any other available remedy.

(2) In any action brought under subsection (1) of this section:

(a) The plaintiff shall:

1. File in Circuit Court of the county in which he or she resides; and

2. Bear the burden of establishing the use of synthetic media by clear and convincing evidence.

(b) The following shall not be liable except as provided in subsection (3) of this section:

1. The medium disseminating the electioneering communication; and

2. An advertising sales representative of such medium.

(3) Failure to comply with an order of the court to include the required disclosure herein shall be subject to the penalties set for KRS 121.990(3) for violation of KRS 121.190(1).

(4) It is an affirmative defense for any action brought under subsection (1) of this section that the electioneering communication containing synthetic media includes a disclosure that is clear and conspicuous and included in, or alongside and associated with, the content in a manner that is likely to be noticed by the user.

(5) Except when a licensee, programmer, or operator of a federally licensed broadcasting station transmits an electioneering communication that is subject to 47 U.S.C. sec. 315, a medium or its advertising sales representative may be held liable in a cause of action brought under subsection (1) of this section if:

(a) The person intentionally removes any disclosure described in subsection (4) of this section from the electioneering communication it disseminates and does not remove the electioneering communication or replace the disclosure when notified; or

(b) Subject to affirmative defenses described in subsection (4) of this section, the person changes the content of an electioneering communication in a manner that results in it qualifying as synthetic media.

(6) (a) A provider or user of an interactive computer service shall not be treated as the publisher or speaker of any information provided by another information content provider.

(b) An interactive computer service may be held liable in accordance with subsection (3) of this section.

(c) An interactive computer service shall be exempt as provided by the Communications and Decency Act of 1996, as amended, 47 U.S.C. sec. 230.

(7) Courts are encouraged to determine matters under this section expediently.

➔Section 6. Whereas implementing governance to maximize the opportunities for the responsible and ethical use of artificial intelligence is vitally important to combat the critical impact artificial intelligence can have on the security of data and information in the Commonwealth and it is critically important to protect candidates and election officers from fraudulent misrepresentations of themselves and their issues, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 24, 2025.

CHAPTER 67

(HB 184)

AN ACT relating to insurance.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 304.3-705 is amended to read as follows:

(1) Except as provided in subsection (2) of this section, on or before December 31, ***2030***~~[2025]~~, a person may apply to the department for admission to the sandbox by submitting an application in the form prescribed by the commissioner, accompanied by the following:

(a) A filing fee of seven hundred fifty dollars ($750);

(b) A detailed description of the innovation, which shall include:

1. An explanation of how the innovation will:

a. Add value to customers and serve the public interest;

b. Be economically viable for the applicant;

c. Provide suitable consumer protection; and

d. Not pose an unreasonable risk of consumer harm;

2. A detailed description of the statutory and regulatory issues that may prevent the innovation from being currently utilized, issued, sold, solicited, distributed, or advertised in the market;

3. A description of how the innovation functions and the manner in which it will be offered or provided;

4. If the innovation involves the use of software, hardware, or other technology developed for the purpose of implementing or operating it, a technical white paper setting forth a description of the operation and general content of technology to be utilized, including:

a. The problem addressed by that technology; and

b. The interaction between that technology and its users;

5. If the innovation involves the issuance of a policy of insurance, a statement that either:

a. If the applicant will be the insurer on the policy, that the applicant holds a valid certificate of authority and is authorized to issue the insurance coverage in question; or

b. If some other person will be the insurer on the policy, that the other person holds a valid certificate of authority and is authorized to issue the insurance coverage in question; and

6. A statement by an officer of the applicant certifying that no product, process, method, or procedure substantially similar to the innovation has been used, sold, licensed, or otherwise made available in this Commonwealth before the effective filing date of the application;

(c) The name, contact information, and bar number of the applicant's insurance regulatory counsel, which shall be a person with experience providing insurance regulatory compliance advice;

(d) A detailed description of the specific conduct that the applicant proposes should be permitted by the limited no-action letter;

(e) Proposed terms and conditions to govern the applicant's beta test, which shall include:

1. Citation to the provisions of Kentucky law that should be excepted in the notice of acceptance issued under KRS 304.3-710(6); and

2. Any request for an extension of the time period for a beta test under KRS 304.3-720(1) and the grounds for the request;

(f) Proposed metrics by which the department may reasonably test the innovation's utility during the beta test;

(g) Disclosure of all:

1. Persons who are directors and executive officers of the applicant;

2. General partners of the applicant if the applicant is a limited partnership;

3. Members of the applicant if the applicant is a limited liability applicant;

4. Persons who are beneficial owners of ten percent (10%) or more of the voting securities of the applicant;

5. Other persons with direct or indirect power to direct the management and policies of the applicant by contract, other than a commercial contract for goods or nonmanagement services; and

6. Conflicts of interest with respect to any person listed in this paragraph and the department;

(h) A statement that the applicant has funds of at least twenty-five thousand dollars ($25,000) available to guarantee its financial stability through one (1) or a combination of any of the following:

1. A contractual liability insurance policy;

2. A surety bond issued by an authorized surety;

3. Securities of the type eligible for deposit by authorized insurers in this Commonwealth;

4. Evidence that the applicant has established an account payable to the commissioner in a federally insured financial institution in this Commonwealth and has deposited money of the United States in an amount equal to the amount required by this paragraph that is not available for withdrawal, except by direct order of the commissioner;

5. A letter of credit issued by a qualified United States financial institution as defined in KRS 304.9-700; or

6. Another form of security authorized by the commissioner; and

(i) A statement confirming that the applicant is not seeking authorization for, nor shall it engage in, any conduct that would render the applicant unauthorized to make an application under subsection (2) of this section.

(2) (a) The following persons shall not be authorized to make an application to the department for admission to the sandbox:

1. Any person seeking to sell or license an insurance innovation directly to any federal, state, or local government entity, agency, or instrumentality as the insured person or end user of the innovation;

2. Any person seeking to sell, license, or use an insurance innovation that is not in compliance with subsection (1)(b)5. of this section;

3. Any person seeking to make an application that would result in the person having more than five (5) active beta tests ongoing within the Commonwealth at any one (1) time; and

4. Any person seeking a limited or extended no-action letter or exemption from any administrative regulation or statute concerning:

a. Assets, deposits, investments, capital, surplus, or other solvency requirements applicable to insurers;

b. Required participation in any assigned risk plan, residual market, or guaranty fund;

c. Any licensing or certificate of authority requirements; or

d. The application of any taxes or fees.

(b) For the purposes of this subsection, "federal, state, or local government entity, agency, or instrumentality" includes any county, city, municipal corporation, urban-county government, charter county government, consolidated local government, unified local government, special district, special purpose governmental entity, public school district, or public institution of education.

(3) Notwithstanding any other provision of this chapter, a person regulated under this chapter may participate in the regulatory sandbox described in KRS 15.268 if the person is:

(a) Not authorized to make an application under this section; or

(b) Seeking regulatory relief that is not available under KRS 304.3-700 to 304.3-735.

➔Section 2. KRS 304.3-735 is amended to read as follows:

(1) One hundred twenty days (120) days prior to the start of the ~~[2021, 2022, 2023, 2024, and 2025]~~***2026, 2027, 2028, 2029, and 2030*** regular sessions of the General Assembly, the commissioner shall submit a written report to the Interim Joint Committee on Banking and Insurance that meets the requirements of subsection (2) of this section. Thereafter, the commissioner shall submit the report annually, upon request.

(2) The report shall include the following:

(a) The number of:

1. Applications filed and accepted;

2. Beta tests conducted; and

3. Extended letters issued;

(b) A description of the innovations tested;

(c) The length of each beta test;

(d) The results of each beta test;

(e) A description of each safe harbor created under KRS 304.3-725;

(f) The number and types of orders or other actions taken by the commissioner or any other interested party under KRS 304.3-700 to 304.3-725;

(g) Identification of any statutory barriers for consideration of amendment by the General Assembly following successful beta tests and the issuance of extended letters; and

(h) Any other information or recommendations deemed relevant by the commissioner.

(3) The commissioner shall also provide the Interim Joint Committee on Banking and Insurance a detailed briefing, upon request, to discuss and explain any report submitted under this section.

➔SECTION 3. A NEW SECTION OF SUBTITLE 33 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

Notwithstanding any other provision of this subtitle or statute to the contrary:

(1) As used in this section:

(a) 1. "Netting agreement":

a. Means an agreement, including a master agreement or bridge agreement for one (1) or more master agreements, that:

i. Documents one (1) or more transactions between parties to the agreement for or involving one (1) or more qualified financial contracts; and

ii. Provides for the netting or liquidation of qualified financial contracts among the parties to the agreement; and

b. Except as provided in subparagraph 2. of this paragraph, includes any security agreement or arrangement or other credit enhancement or guarantee or reimbursement obligation related to any contract or agreement described in this paragraph.

2. Any contract or agreement described in this paragraph relating to agreements or transactions that are not qualified financial contracts shall be deemed a netting agreement only with respect to those agreements or transactions that are qualified financial contracts.

3. A master agreement, or bridge agreement for one (1) or more master agreements, together with all schedules, confirmations, definitions, addenda thereto, and transactions under any thereof, shall be treated as one (1) agreement.

4. As used in this paragraph:

a. "Agreement" includes any terms and conditions incorporated by reference in the agreement; and

b. "Netting or liquidation of qualified financial contracts" includes netting or liquidation of:

i. Present or future payment obligations or payment entitlements under qualified financial contracts; and

ii. Liquidation or closeout values relating to present or future payment obligations or payment entitlements under qualified financial contracts; and

(b) "Qualified financial contract" means any:

1. Commodity contract;

2. Forward contract;

3. Repurchase agreement;

4. Securities contract;

5. Swap agreement; or

6. Similar agreement specified by the commissioner in an administrative regulation promulgated in accordance with KRS Chapter 13A;

(2) A person shall not be stayed or prohibited from exercising any of the following rights:

(a) 1. A contractual right to terminate, liquidate, close out, or accelerate any netting agreement or qualified financial contract with an insurer due to:

a. The insolvency, financial condition, or default of the insurer, if such right is enforceable under applicable law other than this subtitle; or

b. The commencement of a formal delinquency proceeding under this subtitle.

2. As used in this paragraph, "contractual right" includes any right arising under:

a. Statutory or common law;

b. Rules or bylaws of a national securities exchange, clearing organization, or securities clearing agency;

c. Rules, bylaws, or resolutions of the governing body of a swap execution facility, designated contract market, board of trade, or any clearing organization relating to any of the foregoing; or

d. The law merchant;

(b) The right to enforce any pledge, security, collateral, guarantee agreement, or other credit support document related to a netting agreement or qualified financial contract; or

(c) Subject to subsection (3) of this section, the right to setoff or net any termination value, payment amount, or other transfer obligation arising under a netting agreement or qualified financial contract if the counterparty or its guarantor is organized under the laws of the United States, a state of the United States, or a foreign jurisdiction approved by the Securities Valuation Office of the National Association of Insurance Commissioners as eligible for netting;

(3) (a) Upon termination of a netting agreement or qualified financial contract:

1. The net or settlement amount owed by a nondefaulting party to an insurer against which a delinquency proceeding has been initiated shall be transferred to, or on the order of, the receiver, even if the insurer is the defaulting party;

2. Any limited two-way payment provision in a netting agreement or qualified financial contract with an insurer that has defaulted shall be deemed a full two-way payment provision as against the defaulting insurer; and

3. Any amount referenced in subparagraph 1. of this paragraph, except to the extent it is subject to secondary liens or encumbrances, shall be considered a general asset of the insurer.

(b) If a counterparty to a netting agreement or a qualified financial contract with an insurer against which a delinquency proceeding has been initiated terminates, liquidates, closes out, or accelerates the agreement or contract:

1. Damages shall be measured as of the date or dates of termination, liquidation, close out, or acceleration; and

2. The amount of the claim for damages shall be actual direct compensatory damages calculated in accordance with subsection (7) of this section;

(4) A receiver shall not transfer a netting agreement or qualified financial contract of an insurer unless the receiver transfers to one (1) counterparty, other than an insurer subject to a delinquency proceeding, all:

(a) Netting agreements and qualified financial contracts between that counterparty, or any affiliate of the counterparty, and the insurer; and

(b) Rights, obligations, guarantees, collateral, and credit support documents related to the agreements and contracts referenced in paragraph (a) of this subsection;

(5) (a) If a receiver transfers a netting agreement or qualified financial contract, the receiver shall make best efforts to notify all counterparties to the agreement or contract by noon, local time, of the next business day following the transfer.

(b) As used in this subsection, "business day" means any day that is not a Saturday, a Sunday, or a day on which the New York Stock Exchange or the Federal Reserve Bank of New York is closed;

(6) (a) Except as provided in paragraph (b) of this subsection, a transfer of money or other property made under a netting agreement or qualified financial contract, including under any pledge, security, collateral, guarantee arrangement, or other similar security arrangement or credit support document relating to a netting agreement or qualified financial contract, before the commencement of a delinquency proceeding shall not be:

1. Deemed fraudulent under this subtitle; or

2. Avoided by the receiver.

(b) A transfer may be deemed fraudulent and may be avoided by the receiver under Section 8 of this Act if the transfer is made with actual intent to hinder, delay, or defraud the insurer, the receiver, or any creditor;

(7) (a) If a receiver elects to disavow, reject, or repudiate a netting agreement or qualified financial contract of an insurer under Section 6 of this Act or any other section of this subtitle, the receiver shall disavow, reject, or repudiate the entire netting agreement or qualified financial contract between the insurer and a counterparty, or any affiliate of the counterparty, including all related transactions in their entirety.

(b) If the receiver disavows, rejects, or repudiates a netting agreement or qualified financial contract, a counterparty's claim against the estate of the insurer shall be:

1. Determined as if the claim arose before the date of:

a. Except as provided in subdivision b. of this subparagraph, the petition for liquidation; or

b. If a rehabilitation proceeding was converted to a liquidation, the petition for rehabilitation; and

2. Limited to actual direct compensatory damages, determined as of the date of disavowal, rejection, or repudiation.

(c) As used in paragraph (b) of this subsection, "actual direct compensatory damages":

1. Includes normal and reasonable costs of cover or industry-standard damages calculations that are applicable in the derivatives, securities, or other applicable market; and

2. Does not include punitive damages, lost profits, lost opportunities, or pain and suffering;

(8) This section shall not apply to netting agreements and qualified financial contracts between an insurer and any of its affiliates; and

(9) All rights of a counterparty under this section shall apply to netting agreements and qualified financial contracts entered into on behalf of:

(a) The general account of the insurer; and

(b) Any separate account of the insurer, if the assets of the separate account are available only to a counterparty to the netting agreements and qualified financial contracts entered into on behalf of that separate account.

➔Section 4. KRS 304.33-050 is amended to read as follows:

(1) Except as provided in KRS 304.33-052 ***and Section 3 of this Act***, any receiver appointed in a proceeding under this subtitle may at any time apply for and any court of general jurisdiction may grant such restraining orders, temporary and permanent injunctions, and other orders as are deemed necessary and proper to prevent:

(a) The transaction of further business by or on behalf of the insurer;

(b) The transfer of property against which the receiver has a claim;

(c) Interference with the receiver or with the proceedings;

(d) Waste of the insurer's assets;

(e) Dissipation and transfer of bank accounts;

(f) The institution or further prosecution of any actions or proceedings by or on behalf of the insurer;

(g) The institution or further prosecution of any action against the receiver or the insurer, including but not limited to interpleader or other actions involving assets against which the receiver has a claim;

(h) The obtaining of preferences, judgments, attachments, garnishments, or liens against the insurer or its assets;

(i) The levying of execution against the insurer or its assets;

(j) The making of any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of the insurer;

(k) The withholding from the receiver of books, accounts, documents, or other records relating to the business of the insurer;

(l) Any other threatened or contemplated action that might lessen the value of the insurer's assets or prejudice the rights of policyholders, creditors, or shareholders, or the administration of the proceeding; or

(m) Any suit or other action against a reinsurer of the insurer.

(2) The receiver may apply to any court outside of this state for the relief described in subsection (1) of this section.

➔Section 5. KRS 304.33-170 is amended to read as follows:

(1) Stays in pending litigation. Except as provided in KRS 304.33-052 ***and Section 3 of this Act***, any court in this state before which any action or proceeding by or against an insurer is pending when a rehabilitation order against the insurer is entered shall, upon request of the rehabilitator, stay the action or proceeding for such time as is necessary for the rehabilitator to obtain proper representation and prepare for further proceedings. The court that entered the rehabilitation order shall order the rehabilitator to take such action respecting the pending litigation as the court deems necessary in the interests of justice and for the protection of creditors and policyholders. The rehabilitator shall immediately consider all litigation pending outside this state and shall petition the courts having jurisdiction over that litigation for stays whenever necessary to protect the estate of the insurer.

(2) Statutes of limitations on claims by insurer. The time between the filing of a petition for rehabilitation against an insurer and denial of the petition or an order of rehabilitation shall not be considered to be a part of the time within which any action may be commenced by the insurer. Any action by the insurer that might have been commenced when the petition was filed may be commenced for at least sixty (60) days after the order of rehabilitation is entered.

(3) Statutes of limitations on claims against insurer. The time between the filing of a petition for rehabilitation against an insurer and the denial of the petition or an order of rehabilitation shall not be considered to be a part of the time within which any action may be commenced against the insurer. Any action against the insurer that might have been commenced when the petition was filed may be commenced for at least sixty (60) days after the order of rehabilitation is entered or the petition is denied.

(4) A guaranty association or a foreign guaranty association shall have standing to appear in any court proceeding concerning the rehabilitation of an insurer if such association is or may become liable to act as a result of the rehabilitation.

➔Section 6. KRS 304.33-240 is amended to read as follows:

The liquidator shall report to the court monthly, or at other intervals specified by the court, on the progress of the liquidation in whatever detail the court orders. ***Subject to Section 3 of this Act,*** the liquidator may:

(1) Appoint a special deputy to act for him or her under this subtitle, and, subject to the court's approval, determine his or her compensation. The special deputy shall have all powers of the liquidator granted by this section. The special deputy shall serve at the pleasure of the liquidator;

(2) Appoint or engage employees and agents, legal counsel, actuaries, accountants, appraisers, consultants, and other personnel he or she deems necessary to assist in the liquidation;

(3) Fix the compensation of persons under subsection (2) of this section, subject to the control of the court;

(4) Defray all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of the insurer. If the property of the insurer does not contain sufficient cash or liquid assets to defray the costs incurred, the liquidator may advance the costs so incurred out of any available appropriation. Any amounts so paid shall be deemed expense of administration and shall be repaid for the credit of the Department of Insurance out of the first available moneys of the insurer;

(5) Hold hearings, subpoena witnesses and compel their attendance, administer oaths, examine any person under oath, and compel any person to subscribe to his or her testimony after it has been correctly reduced to writing, and in connection therewith require the production of any books, papers, record, or other documents which he or she deems relevant to the inquiry;

(6) Collect all debts and moneys due and claims belonging to the insurer, wherever located, and for this purpose institute timely action in other jurisdictions to marshal the assets of the insurer; forestall garnishment and attachment proceedings against such debts; do such other acts as are necessary or expedient to collect, conserve or protect its assets or property, including sell, compound, compromise, or assign for purposes of

collection, subject to court approval and upon such terms and conditions as the liquidator deems best, any disputed claims; and pursue any creditor's remedies available to enforce his or her claims. In lieu of collecting funds representing unearned premium of a policyholder which are in the possession of the insurer's agent with respect to the kinds of direct insurance protected under KRS 304.36-030, the liquidator may authorize the use of such funds to replace the insurance coverage terminated pursuant to KRS 304.33-210, upon receipt from the agent of appropriate notice of such replacement of the insurance coverage with an insurer within sixty (60) days after the date of the liquidation order;

(7) Audit the books and records of all agents of the insurer insofar as these records relate to the business activities of the insurer;

(8) Conduct public and private sales of the property of the insurer in a manner prescribed by the court;

(9) Use assets of the estate to transfer policy obligations to a solvent assuming insurer, if the transfer can be arranged without prejudice to applicable priorities under KRS 304.33-430;

(10) Acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of or deal with any property of the insurer at its market value or upon such terms and conditions as are fair and reasonable, except that no transaction involving property the market value of which exceeds ten thousand dollars ($10,000) shall be concluded without express permission of the court. The liquidator also may execute, acknowledge, and deliver any deeds, assignments, releases, and other instruments necessary or proper to effectuate any sale of property or other transaction in connection with the liquidation. In cases where real property sold by the liquidator is located other than in the county where the liquidation is pending, the liquidator shall cause to be filed with the county clerk for the county in which the property is located a certified copy of the order appointing him or her;

(11) Borrow money, subject to court approval, on the security of the insurer's assets or without security and execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation;

(12) Enter into such contracts as are necessary to carry out the order to liquidate, and affirm or disavow any contracts to which the insurer is a party, except the liquidator shall not disavow, reject, or repudiate a federal home loan bank security agreement or any pledge agreement, security agreement, collateral agreement, guarantee agreement, or other similar arrangement or credit enhancement relating to a security agreement to which a federal home loan bank is a party;

(13) Continue to prosecute and institute in the name of the insurer or in his or her own name any suits and other legal proceedings, in this state or elsewhere, and abandon the prosecution of claims he or she deems unprofitable to pursue further. If the insurer is dissolved under KRS 304.33-220, he or she may apply to any court in this state or elsewhere for leave to substitute himself or herself for the insurer as plaintiff;

(14) Prosecute any action which may exist ***on*** ~~[in]~~ behalf of the creditors, members, policyholders, or shareholders of the insurer against any officer of the insurer, or any other person;

(15) Remove any records and property of the insurer to the offices of the commissioner or to such other place as is convenient for the purposes of efficient and orderly execution of the liquidation;

(16) Deposit in one (1) or more banks in this state such sums as are required for meeting current administration expenses and dividend distributions;

(17) File any necessary documents for record in the office of any county clerk or record office in this state or elsewhere where property of the insurer is located;

(18) Assert all defenses available to the insurer as against third persons, including statutes of limitations, statutes of frauds, and the defense of usury. A waiver of any defense by the insurer after a petition for liquidation has been filed shall not bind the liquidator;

(19) Exercise and enforce all the rights, remedies and powers of any creditor, shareholder, policyholder, or member, including any power to avoid any transfer or lien that may be given by law and that is not included within KRS 304.33-290 to 304.33-310, inclusive;

(20) Intervene in any proceeding wherever instituted that might lead to the appointment of a receiver or trustee, and act as the receiver or trustee whenever the appointment is offered;

(21) Enter into agreements with any receiver or commissioner of any other state relating to the rehabilitation, liquidation, conservation, or dissolution of an insurer doing business in both states;

(22) Exercise all powers now held or hereafter conferred upon receivers by the laws of this state not inconsistent with this subtitle; and

(23) The enumeration in this section of the powers and authority of the liquidator is not a limitation upon him or her, nor does it exclude his or her right to do such other acts not herein specifically enumerated or otherwise provided for as are necessary or expedient for the accomplishment of or in aid of the purpose of liquidation.

➔Section 7. KRS 304.33-260 is amended to read as follows:

(1) Written notice. Every person who receives notice in the form prescribed in KRS 304.33-250 that an insurer for which he ***or she*** has acted as agent is the subject of a liquidation order shall as soon as practicable give notice of the liquidation order. The notice shall be sent by first-class mail to the last address contained in the agent's records to each policyholder or other person named in any policy issued through the agent by the company, if he ***or she*** has a record of the address of the policyholder or other person. A policy shall be deemed issued through an agent if the agent has a property interest in the expiration of the policy; or if the agent has had in his ***or her*** possession a copy of the declarations of the policy at any time during the life of the policy, except where the ownership of the expiration of the policy has been transferred to another. The written notice shall include the name and address of the insurer, the name and address of the agent, identification of the policy impaired, and the nature of the impairment under KRS 304.33-210. Notice by a general agent shall satisfy the notice requirement for any agents under contract to him ***or her***.

(2) Oral notice. So far as practicable, every insurance agent subject to subsection (1) of this section shall give immediate oral notice, by telephone or otherwise, of the liquidation order to the same persons to whom he ***or she*** is obligated to give written notice. The oral notice shall include substantially the same information as the written notice.

(3) The liquidator may waive the duties imposed by this section if he ***or she*** determines that other notice to the policyholders of the insurer under liquidation is adequate.

(4) Transfer of assets. Every agent subject to subsection (1) of this section shall, immediately upon receiving notice pursuant to KRS 304.33-250, and not later than thirty (30) days thereafter, except as otherwise~~[expressly]~~ provided under ***Section 3 of this Act or*** KRS 304.33-240(6), transfer all assets of the insurer in possession of the agent as of the date of liquidation or any time thereafter to the liquidator. If there is any dispute as to whether assets which an agent is holding are assets of the insurer, the agent shall petition the court for an order determining the ownership thereof.

➔Section 8. KRS 304.33-290 is amended to read as follows:

(1) Definition and effect. Except as provided in subsection (5) of this section ***and Section 3 of this Act:***~~[.]~~

(a) Every transfer made or suffered and every obligation incurred by an insurer within one (1) year prior to the filing of a successful petition for rehabilitation or liquidation under this subtitle shall be fraudulent as to then existing and future creditors if made or incurred without fair consideration, or with actual intent to hinder, delay or defraud either existing or future creditors***;***~~[.]~~

(b) A transfer made or an obligation incurred by an insurer ordered to be rehabilitated or liquidated under this subtitle, which is fraudulent under this section, may be avoided by the receiver, except as to a person who in good faith is a purchaser, lienor, or obligee for a present fair equivalent value; and except that any purchaser, lienor, or obligee, who in good faith has given a consideration less than fair for such transfer, lien, or obligation, may retain the property, lien, or obligation as security for repayment***; and***~~[.]~~

(c) The court may, on due notice, order any such transfer or obligation to be preserved for the benefit of the estate, and in that event the receiver shall succeed to and may enforce the rights of the purchaser, lienor, or obligee.

(2) Perfection of transfers.

(a) Personal property. A transfer of property other than real property shall be deemed to be made or suffered when it becomes so far perfected that no subsequent lien obtainable by legal or equitable proceedings on a simple contract could become superior to the rights of the transferee under subsection (3) of KRS 304.33-310.

(b) Real property. A transfer of real property shall be deemed to be made or suffered when it becomes so far perfected that no subsequent bona fide purchaser from the insurer could obtain rights superior to the rights of the transferee.

(c) Equitable liens. A transfer which creates an equitable lien shall not be deemed to be perfected if there are available means by which a legal lien could be created.

(d) Transfer not perfected prior to petition. Any transfer not perfected prior to the filing of a petition for liquidation shall be deemed to be made immediately before the filing of the successful petition.

(e) Actual creditors unnecessary. This subsection shall apply whether or not there are or were creditors who might have obtained any liens or persons who might have become bona fide purchasers.

(3) Fraudulent reinsurance transactions. Any transaction of the insurer with a reinsurer shall be deemed fraudulent and may be avoided by the receiver under subsection (1) of this section if:

(a) The transaction consists of the termination, adjustment or settlement of a reinsurance contract in which the reinsurer is released from any part of its duty to pay the originally specified share of losses that had occurred prior to the time of the transaction, unless the reinsurer gives a present fair equivalent value for the release; and

(b) Any part of the transaction took place within one (1) year prior to the date of filing of the petition through which the receivership was commenced.

(4) Every person receiving any property from the insurer or any benefit thereof which is a fraudulent transfer under this section shall be personally liable therefor and shall be bound to account to the liquidator.

(5) (a) Except as provided in paragraph (b) of this subsection, any transfer of, and any obligation to transfer, money or other property from an insurer-member to the federal home loan bank under a federal home loan bank security, pledge, collateral, or guarantee agreement, or other similar arrangement or credit enhancement, shall not be deemed fraudulent and shall not be avoided by the receiver under subsection (1) of this section if the agreement, arrangement, or enhancement is:

1. Made in the ordinary course of business; and

2. Made in compliance with the applicable federal home loan bank agreement.

(b) A transfer may be deemed fraudulent and may be avoided by the receiver under subsection (1) of this section if the transfer is made with the intent to hinder, delay, or defraud:

1. An insurer-member;

2. The receiver of the insurer-member; or

3. Existing or future creditors of the insurer-member.

➔Section 9. KRS 304.33-300 is amended to read as follows:

Except as provided in Section 3 of this Act:

(1) Effect of petition: real property. After a petition for rehabilitation or liquidation, a transfer of any of the real property of the insurer made to a person acting in good faith shall be valid against the receiver if made for a present fair equivalent value or, if not made for a present fair equivalent value, then to the extent of the present consideration actually paid therefor, for which amount the transferee shall have a lien on the property so transferred. The recording of a copy of the petition for or order of rehabilitation or liquidation with the county clerk in the county where any real property in question is located shall be constructive notice of the commencement of a proceeding in rehabilitation or liquidation. The exercise by a court of the United States or any state of jurisdiction to authorize or effect a judicial sale of real property of the insurer within any county in any state shall not be impaired by the pendency of such a proceeding unless the copy is recorded in the county prior to the consummation of the judicial sale***;***~~[.]~~

(2) Effect of petition: personal property. After a petition for rehabilitation or liquidation and before either the receiver takes possession of the property of the insurer or an order of rehabilitation or liquidation is granted:

(a) A transfer of any of the property of the insurer, other than real property, made to a person acting in good faith shall be valid against the receiver if made for a present fair equivalent value or, if not made for a present fair equivalent value, then to the extent of the present consideration actually paid therefor, for which amount the transferee shall have a lien on the property so transferred;

(b) A person indebted to the insurer or holding property of the insurer may, if acting in good faith, pay the indebtedness or deliver the property or any part thereof to the insurer or upon his or her order, with the same effect as if the petition were not pending;

(c) A person having actual knowledge of the pending rehabilitation or liquidation shall be deemed not to act in good faith unless he or she has reasonable cause to believe that the petition is not well founded; and

(d) A person asserting the validity of a transfer under this section shall have the burden of proof. Except as elsewhere provided in this section, no transfer by or in behalf of the insurer after the date of the petition for liquidation by any person other than the liquidator shall be valid against the liquidator***;*** ~~[.]~~

(3) Every person receiving any property from the insurer or any benefit thereof which is a fraudulent transfer under this section shall be personally liable therefor and shall be bound to account to the liquidator***; and*** ~~[.]~~

(4) Negotiability. Nothing in this subtitle shall impair the negotiability of currency or negotiable instruments.

➔Section 10. KRS 304.33-310 is amended to read as follows:

Except as provided in Section 3 of this Act:

(1) Preferences.

(a) Preference defined. A preference is a transfer of any of the property of an insurer to or for the benefit of a creditor, for or on account of an antecedent debt made or suffered by the insurer within one (1) year before the filing of a successful petition for liquidation under this subtitle, the effect of which transfer may be to enable the creditor to obtain a greater percentage of his ***or her*** debt than another creditor of the same class would receive. If a liquidation order is entered while the insurer is already subject to a rehabilitation order, transfers otherwise qualifying shall be deemed preferences if made or suffered within one (1) year before the filing of the successful petition for rehabilitation or within two (2) years before the filing of the successful petition for liquidation, whichever time is shorter.

(b) Invalidation of preferences. Except as provided in subsection (10) of this section, any preference may be avoided by the liquidator, if:

1. The insurer was insolvent at the time of the transfer;

2. The transfer was made within four (4) months before the filing of the petition;

3. The creditor receiving it or to be benefited thereby or his ***or her*** agent acting with reference thereto had reasonable cause to believe at the time when the transfer was made that the insurer was insolvent or was about to become insolvent; or

4. The creditor receiving it was an officer, employee, attorney or other person who was in fact in a position of comparable influence in the insurer to an officer whether or not he ***or she*** held such position, or any shareholder holding directly or indirectly more than five percent (5%) of any class of any equity security issued by the insurer, or any other person with whom the insurer did not deal at arm's length.

Where the preference is voidable, the liquidator may recover the property or, if it has been converted, its value from any person who has received or converted the property, except a bona fide purchaser from or lienor of the debtor's transferee for a present fair equivalent value. Where the bona fide purchaser or lienor has given less than fair equivalent value, he ***or she*** shall have a lien upon the property to the extent of the consideration actually given by him ***or her***. Where a preference by way of lien or security title is voidable, the court may on due notice order the lien or title to be preserved for the benefit of the estate, in which event the lien or title shall pass to the liquidator***;*** ~~[.]~~

(2) Perfection of transfers.

(a) Personal property. A transfer of property other than real property is deemed to be made or suffered when it becomes so far perfected that no subsequent lien obtainable by legal or equitable proceedings on a simple contract could become superior to the rights of the transferee.

(b) Real property. A transfer of real property is deemed to be made or suffered when it becomes so far perfected that no subsequent bona fide purchaser from the insurer could obtain rights superior to the rights of transferee.

(c) Equitable liens. A transfer which creates an equitable lien is not deemed to be perfected if there are available means by which a legal lien could be created.

(d) Transfers not perfected prior to petition. A transfer not perfected prior to the filing of a petition for liquidation shall be deemed to be made immediately before the filing of the successful petition.

(e) Actual creditors unnecessary. This subsection applies whether or not there were creditors who might have obtained liens or persons who might have become bona fide purchasers***;*** ~~[.]~~

(3) Liens by legal or equitable proceedings.

(a) Definition. A lien obtainable by legal or equitable proceedings upon a simple contract is one arising in the ordinary course of such proceedings upon the entry or docketing of a judgment or decree, or upon attachment, garnishment, execution or like process, whether before, upon or after judgment or decree and whether before or upon levy. It does not include liens which under applicable law are given a special priority over other liens which are prior in time.

(b) When liens are superior. A lien obtainable by legal or equitable proceedings could become superior to the rights of a transferee, or a purchaser could obtain rights superior to the rights of a transferee within the meaning of subsection (2) of this section, if such consequences would follow only from the lien or purchase itself, or from the lien or purchase followed by any step wholly within the control of the respective lienholder or purchaser, with or without the aid of ministerial action by public officials. Such a lien could not, however, become superior and such a purchase could not create superior rights for the purpose of subsection (2) of this section through any acts subsequent to the obtaining of such a lien or subsequent to such a purchase which require the agreement or concurrence of any third party or which require any further judicial action, or ruling***;*** ~~[.]~~

(4) Twenty-one day rule. A transfer of property for or on account of a new and contemporaneous consideration which is deemed under subsection (2) of this section to be made or suffered after the transfer because of delay in perfecting it does not thereby become a transfer for or on account of an antecedent debt if any acts required by the applicable law to be performed in order to perfect the transfer as against liens or bona fide purchasers' rights are performed within twenty-one (21) days or any period expressly allowed by the law, whichever is less. A transfer to secure a future loan, if such a loan is actually made, or a transfer which becomes security for a future loan shall have the same effect as a transfer for or on account of a new and contemporaneous consideration***;*** ~~[.]~~

(5) Indemnifying transfers also voidable. If any lien deemed voidable under paragraph (b) of subsection (1) of this section has been dissolved by the furnishing of a bond or other obligation, the surety on which has been indemnified directly or indirectly by the transfer of or the creation of a lien upon any property of an insurer before the filing of a petition under this subtitle which results in a liquidation order, the indemnifying transfer or lien shall also be deemed voidable***;*** ~~[.]~~

(6) Avoidance of lien. The property affected by any lien deemed voidable under paragraph (b) of subsection (1) of this section and subsection (5) of this section is discharged from the lien, and that property and any of the indemnifying property transferred to or for the benefit of a surety shall pass to the liquidator, except that the court may on due notice order the lien to be preserved for the benefit of the estate and the court may direct that a conveyance be executed which is adequate to evidence the title of the liquidator***;*** ~~[.]~~

(7) Hearings to determine rights. The court shall have summary jurisdiction of any proceeding by the liquidator to hear and determine the rights of any parties under this section. Reasonable notice of any hearing in the proceeding shall be given to all parties in interest, including the obligee of a releasing bond or other like obligation. Where an order is entered for the recovery of indemnifying property in kind or for the avoidance of an indemnifying lien, the court, upon application of any party in interest, shall in the same proceeding ascertain the value of the property or lien, and if the value is less than the amount for which the property is indemnity or than the amount of the lien, the transferee or lienholder may elect to retain the property or lien upon payment of its value, as ascertained by the court, to the liquidator within such reasonable times as the court fixes***;*** ~~[.]~~

(8) Surety's liability discharged. The liability of a surety under a releasing bond or other like obligation shall be discharged to the extent of the value of the indemnifying property recovered or the indemnifying lien nullified and avoided or, where the property is retained under subsection (7) of this section to the extent of the amount paid to the liquidator***;*** ~~[.]~~

(9) Setoff of new advances. If a creditor has been preferred and afterward in good faith gives the insurer further credit without security of any kind, for property which becomes a part of the insurer's estate, the amount of the new credit remaining unpaid at the time of the petition may be set off against the preference which would otherwise be recoverable from him ***or her; and*** ~~[.]~~

(10) Federal home loan bank preferences. A liquidator shall not avoid any preference arising under, or in connection with, a federal home loan bank security agreement or any pledge agreement, security agreement,

collateral agreement, guarantee agreement, or other similar arrangement or credit enhancement relating to a security agreement to which a federal home loan bank is a party.

➔Section 11. KRS 304.33-330 is amended to read as follows:

(1) Set-offs allowed in general. Mutual debt or mutual credits between the insurer and another person in connection with any action or proceeding under this subtitle shall be set off and the balance only shall be allowed or paid, except as provided in subsection (2) of this section.

(2) Exceptions. ***Except as provided in Section 3 of this Act,*** no set-off or counterclaim shall be allowed in favor of any person where:

(a) The obligation of the insurer to the person would not at the date of the filing of a petition for liquidation entitle him ***or her*** to share as a claimant in the assets of the insurer;

(b) The obligation of the insurer to the person was purchased by or transferred to the person with a view to its being used as a set-off;

(c) The obligation of the person is to pay an assessment levied against the members or subscribers of the insurer, or is to pay a balance upon a subscription to the capital stock of the insurer, or is in any other way in the nature of a capital contribution; or

(d) The obligation of the person is to pay earned premiums to the insurer. However, the provisions of this paragraph shall only apply to reinsurance contracts entered into prior to July 13, 2004.

Signed by Governor March 24, 2025.

CHAPTER 68

(SB 22)

AN ACT relating to licensed professionals.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 317A.020 is amended to read as follows:

(1) No person shall engage in the practice of cosmetology, esthetic practices, or nail technology for other than cosmetic purposes nor shall any person engage in the practice of cosmetology, esthetic practices, or nail technology for the treatment of physical or mental ailments. This chapter does not apply to:

(a) Persons authorized by the law of this state to practice medicine, podiatry, optometry, dentistry, chiropractic, nursing, or embalming who perform incidental practices of cosmetology, esthetic practices, and nail technology in the normal course of the practice of their profession;

(b) Commissioned medical or surgical personnel of the United States Armed Forces who perform incidental practices of cosmetology, esthetic practices, or nail technology in the course of their duties;

(c) Cosmetology, esthetic practices, or nail technology services performed at an institution operated or under contract to the Department of Corrections or the Department of Juvenile Justice; and

(d) Persons engaged in natural hair braiding.

(2) Except as provided in subsection (1) of this section, no person shall engage in the practice of cosmetology, esthetic practices, or nail technology for the public, generally, or for consideration without the appropriate license required by this chapter.

(3) No person unless duly and properly licensed pursuant to this chapter shall:

(a) Teach cosmetology, esthetic practices, or nail technology;

(b) Operate a beauty salon;

(c) Operate an esthetic salon;

(d) Act as an esthetician;

(e) Operate a nail salon;

(f) Act as a nail technician; or

(g) Conduct or operate a school for cosmetologists, estheticians, or nail technicians.

(4) No person shall aid or abet any person in violating this section, nor shall any person engage or employ for consideration any person to perform any practice licensed by this chapter unless the person to perform the practice holds and displays the appropriate license.

(5) No licensed cosmetology or esthetic practices instructors, licensed cosmetologists, licensed estheticians, or licensed nail technicians shall hold clinics for teaching or demonstrating for personal profit, either monetary or otherwise, if the clinics are not sponsored by a recognized professional cosmetologist's, esthetician's, or nail technician's group.

(6) Whenever a person engages in different practices separately licensed, certified, or permitted by this chapter, that person shall procure a separate license, certificate, or permit for each of the practices in which the person engages.

(7) The board shall:

(a) Govern all issues related to this chapter;

(b) Investigate alleged violations brought to its attention, conduct investigations, and schedule and conduct administrative hearings in accordance with KRS Chapter 13B to enforce the provisions of this chapter and administrative regulations promulgated pursuant to this chapter;

(c) Administer oaths, receive evidence, interview persons, and require the production of books, papers, documents, or other evidence; and

(d) Have the authority to take emergency action affecting the legal rights, duties, privileges, or immunities of named persons without a hearing to stop, prevent, or avoid an immediate danger to the public health, safety, or welfare, in accordance with KRS 13B.125(1), subject to the following:

1. An emergency order shall be based upon verified probable cause or substantial evidence, documented by the board, that the emergency order is in the interest of public health, welfare, and safety of any customer, patient, or the general public; and

2. Upon the issuance of an emergency order, the board shall comply with the administrative hearing procedures in KRS 13B.125(3) to determine the reinstatement of operations of the licensed facility.

(8) ***(a)*** Unless a documented and verified violation creates an immediate and present danger to the health and safety of the public, a warning notice shall be first issued prior to imposing incremental punitive action against an otherwise lawful salon. The warning notice shall include a specific and detailed description of the violation and the specific remediation required to bring the salon into compliance.

(b) It shall be deemed an immediate and present danger to the health and safety of the public if it is documented and verified that a licensee knowingly employs or utilizes the services of an unlicensed individual.

(9) The board may:

(a) Bring and maintain actions in its own name to enjoin any person in violation of any provision of this chapter. These actions shall be brought in the Circuit Court of the county where the violation is alleged to have occurred; and

(b) Refer violations of this chapter to county attorneys, Commonwealth's attorneys, and to the Attorney General.

(10) Nothing in this section shall be construed to prohibit an instructor, student, cosmetologist, or nail technician from using callus graters for callus removal, and the board shall not promulgate any administrative regulation prohibiting the use of callus graters for callus removal.

➔Section 2. KRS 317A.040 is amended to read as follows:

(1) The board may employ inspectors and any other personnel reasonably necessary to carry out the provisions of this chapter, whose compensations shall be established within budgetary limits by the Personnel Cabinet. The board may delegate staffing decisions to the executive director.

(2) The board shall by appropriate order employ an executive director who shall be charged with the responsibility of administering the provisions of this chapter, and the policies and administrative regulations of the board relating to cosmetology***, nail technology,*** and esthetic practices.

(3)~~[No person shall be employed as an executive director unless the person is a licensed cosmetologist.~~

~~(4)]~~ The executive director may receive a salary as may be established by classification of the position by the Personnel Cabinet.

(4)~~[(5)]~~ The board shall publish or electronically provide copies of its administrative regulations and any proposed amendments to all persons licensed by it and to any other persons, places, or agencies as may be required by law or deemed by it reasonably necessary to the administration of the provisions of this chapter.

➔Section 3. KRS 317A.100 is amended to read as follows:

(1) The board may promulgate reasonable administrative regulations pertaining to the issuance of a license, upon payment of the prescribed license fee, to any person holding a comparable license issued by another state ***or United States territory*** where the laws of that state ***or territory***, in the opinion of the board, provide comparable professional qualification, health, and safety standards.~~[;]~~

(2) A person who provides certification of licensure from a state board or appropriate agency, whose requirements are not comparable to those of Kentucky, who has held a license in good standing for more than two (2) years, shall be issued a Kentucky license after completion of an application, payment of a fee, and passage of the theory and practical examinations.

(3) A person who provides certification of licensure from a state board or appropriate agency, whose requirements are not comparable to those of Kentucky, who has held a license in good standing for less than two (2) years, shall be able to cure the deficiency of comparability through continuing education in Kentucky as determined by the board. The board may require completion of an application, payment of a fee, and passage of the theory and practical examinations.

➔Section 4. KRS 317A.120 is amended to read as follows:

(1) Examinations given by the board shall cover all phases of qualifications for the license applied for including skill and technique of applicant as well as scientific and other knowledge. National exams may be used if approved by the board.

(2) Examinations shall be given by trained proctors.

(3) Examinations shall be given at regularly prescribed intervals.

(4) Examinations shall be given at locations that have been approved by the board.

(5) ***An***~~[A nail technician]~~ applicant who fails a written theory test or an oral practical demonstration shall be eligible to retake that portion after one (1) month has passed from the date the applicant received actual notice of the failure.

(6) A cosmetologist, nail technician, limited stylist, esthetician, or instructor applicant may retake any examination an unlimited number of times until the applicant passes that examination.

➔Section 5. KRS 317A.130 is amended to read as follows:

(1) No ***licensee***~~[instructor, student, cosmetologist, or nail technician]~~ shall:

(a) Fail to provide the head rest of each chair with a relaundered towel or a sheet of clean paper for each person;

(b) Fail to place around the patron's neck a strip of cotton, towel, or neck strip so that the haircloth does not come in contact with the patron's skin;

(c) Use on one (1) patron a towel that has been used upon another patron, unless the towel has been relaundered;

(d) Use on any patron any razor, scissors, tweezers, comb, bowl, recirculating pipes, rubber disc, or part of ***a*** vibrator or other similar equipment or appliance that comes into contact with the head, face, hands, feet, or neck of a patron, until the equipment or appliance has been sterilized in accordance with methods of sterilization that are bacteriologically effective and approved by the Cabinet for Health and Family Services; or

(e) Use on any patron a liquid nail enhancement product containing monomeric methyl methacrylate, also known as dental acrylic monomer, for the purpose of creating artificial nail enhancements in the practice of cosmetology and nail technology.

(2) No esthetician practicing under this chapter shall perform any of the following unless practicing under the immediate supervision of a licensed physician:

(a) Botox or collagen injections;

(b) Laser treatments;

(c) Electrolysis;

(d) Tattoo;

(e) Permanent makeup;

(f) Microblading; or

(g) Piercing.

➔Section 6. KRS 317.410 is amended to read as follows:

As used in this chapter, unless the context requires otherwise:

(1) ~~[A]~~"Barber" ***means***~~[is]~~ any person who engages in the practice of ~~["]~~barbering~~["]~~ for the public generally or for consideration;

(2) "Barbering" ***means***~~[is]~~ the practice upon the human neck, face, and head, principally of shaving or trimming the beard or cutting the hair, but includes also:

(a) Giving facial and scalp massage or treatments with oils, creams, lotions, or other preparations, either by hand or any contrivance;

(b) Singeing, shampooing, pressing, arranging, dressing, styling, or dyeing the hair or applying hair tonics; and

(c) Applying to the neck or head cosmetics, lotions, powders, oils, clays, or other preparations;

(3) "Barber pole" means a cylinder or pole with alternating stripes of any combination, including but not limited to red and white, or red, white, and blue, which run diagonally along the length of the pole;

(4) "Barber school" or "school of barbering" means an operation, place, or establishment in or through which persons are trained or taught the practice of barbering;

(5) "Barber shop" ***means***~~[is]~~ any establishment in which the practice of barbering is conducted for the general public or for consideration ***and includes a mobile barber shop***;

(6) "Board" means the Kentucky Board of Barbering;

(7) "Endorsement" means the process of granting a license under this chapter to an applicant licensed in another state;

(8) "Independent contract owner" means any barber or apprentice barber licensed under this chapter who leases or rents space in a barber shop;~~[and]~~

(9) "Lapse fees" means the annual renewal license fee which would have been paid for the period during which a license has lapsed***; and***

(10) "Mobile barber shop" means a self-contained unit in which the practice of barbering is conducted and which may be moved, towed, or transported from one (1) location to another.

➔Section 7. KRS 317.420 is amended to read as follows:

(1) No person shall engage in the practice of "barbering" for other than cosmetic purposes nor shall any person engage in barbering for the treatment of physical or mental ailments, except that the provisions of this chapter shall not apply to:

(a) Persons authorized by the law of this state to practice medicine, chiropody, optometry, dentistry, chiropractic, nursing, or embalming when incidental practices of barbering are performed by them in the normal course of the practice of their profession;

(b) Commissioned medical or surgical personnel of the United States Armed Forces performing incidental practices of barbering in the course of their duties; or

(c) Barbering services performed at an institution operated by or under contract to the Department of Corrections or the Department of Juvenile Justice.

(2) Except as provided in subsection (1) of this section, no person shall engage in the practice of barbering for the public generally or for consideration without the appropriate license required by this chapter.

(3) No person, unless duly and properly licensed pursuant to this chapter, shall:

(a) Teach barbering;

(b) Operate a barber shop ***or mobile barber shop***;

(c) Conduct or operate a school for barbers;~~[or]~~

(d) Lease or rent booth space as an independent contract owner***; or***

(e) Operate a mobile barber shop without first notifying the board of its location or change in its location.

(4) No person shall aid or abet any person in violating the provisions of this section, nor shall any person engage or employ for consideration any person for the performance of any practice licensed by this chapter unless the person to perform such practice holds and displays the appropriate license therefor.

(5) Except as provided in this chapter, no person or business shall:

(a) Advertise barbering services, unless the person or business and the personnel it employs are licensed under this chapter;

(b) Advertise as a barber shop ***or mobile barber shop***, unless all persons in the shop practicing barbering services are licensed under this chapter. Any barber practicing in a shop licensed as both a barber shop and a salon licensed under KRS Chapter 317A may display an image, that is at least four (4) inches high, of a barber pole at his or her station; or

(c) Use or display a barber pole for the purpose of advertising barbering services to the public unless it:

1. Has a barber shop license; and

2. Employs a barber licensed under this chapter.

(6) A person holding an active barber license from the board and who practices in a shop licensed by the board may render services for pay or otherwise to:

(a) A person suffering from a terminal illness who is receiving the services of a hospice program either at home or at a hospice inpatient unit; or

(b) A person who is deceased and in the care of a funeral establishment.

➔Section 8. KRS 317.430 is amended to read as follows:

(1) There is hereby created an independent agency of the state government to be known as the Kentucky Board of Barbering, which shall have complete supervision over the administration of the provisions of this chapter relating to barbers, barbering, barber shops, ***mobile barber shops,*** independent contract owners, barber schools, and the teaching of barbering.

(2) The board shall be composed of five (5) members appointed by the Governor. Four (4) members shall be barbers holding a valid license and practicing in Kentucky. One (1) member shall be a citizen at large who is not associated with or financially interested in barbering. At all times in the filling of vacancies of membership on the barber board, this balance of representation shall be maintained.

(3) The two (2) members appointed to fill the terms beginning on February 1, 2008, shall serve until February 1, 2011, and the three (3) members appointed to fill the terms beginning on February 1, 2007, shall serve until February 1, 2010. All subsequent appointments shall be for a term of three (3) years, with terms ending on February 1.

(4) The Governor shall not remove any member of the board except for cause.

(5) The board shall elect from its members one (1) to serve as chairman, one (1) to serve as vice chairman, and a third to serve as secretary.

(6) Three (3) members shall constitute a quorum for the transaction of business.

(7) In addition to the other qualifications specified in this section, barber members of the board shall be at least twenty-three (23) years of age, citizens of the United States, residents of Kentucky, and must have engaged in the practice of barbering in this state for a period of at least five (5) years.

(8) No member of the board shall be financially interested in, or have any financial connection with, any barber or cosmetology school, wholesale cosmetic or barber supply or equipment business, nor shall any member of the barber board teach barbering, cosmetology, or manicuring for monetary considerations.

(9) Each member of the board shall receive a compensation of one hundred dollars ($100) per day for each day of attendance at a meeting of the board, and shall be reimbursed for necessary traveling expenses.

(10) The board shall hold its meetings within the state and when deemed necessary by the board to discharge its duties.

➔Section 9. KRS 317.440 is amended to read as follows:

(1) To protect the health and safety of the public and to protect the public against misrepresentation, deceit, or fraud in the practice or teaching of barbering, the board shall promulgate administrative regulations governing the:

(a) Location and housing of barber shops***, mobile barber shops,*** or schools;

(b) Quantity and quality of equipment, supplies, materials, records, and furnishings required in barber shops***, mobile barber shops,*** or schools;

(c) Qualifications of teachers of barbering;

(d) Qualifications of applicants to or enrollees in barber schools;

(e) Hours and courses of instruction at barber schools;

(f) Examinations of applicants for barber or teacher of barbering;~~[and]~~

(g) Qualifications of independent contract owners***; and***

(h) Inspection criteria for mobile barber shops.

(2) The board shall establish***:***

(a) Fees by administrative regulation***; and***

(b) On its website a system for a licensed mobile barber shop to:

1. Submit to the board a weekly itinerary detailing the locations at which it will offer barbering services; and

2. Notify the board of any changes in its location or itinerary.

(3) Administrative regulations pertaining to health and sanitation shall be approved by the Kentucky secretary for health and family services before becoming effective.

➔Section 10. KRS 317.450 is amended to read as follows:

(1) (a) The board shall issue an apprentice license to practice barbering to any person who:

1. Is at least seventeen and one-half (17-1/2) years of age;

2. Is of good moral character and temperate habit;

3. Possesses a high school diploma, a High School Equivalency Diploma, or a transcript from an issuing institution that is recognized by the educational authority in the state from which the diploma, certificate, or transcript is issued;

4. Has graduated from a licensed school of barbering;

5. Has satisfactorily passed the apprentice examination prescribed by the barber board, which shall include a practical assessment of the applicant's skills, including but not limited to a taper haircut, shampoo, straight razor facial shave, facial, and a chemical application; and

6. Has paid a fee as established in administrative regulations promulgated by the board in accordance with KRS Chapter 13A.

(b) A barber shall serve an apprentice period of at least six (6) months but not more than nine (9) months of continuous service from the effective date of the license issued pursuant to paragraph (a) of this subsection.

(c) In addition to the grounds for disciplinary action specified in KRS 317.590, the board may, during the apprentice period, require a licensee to retake any part or all of the written or practical examination, or both.

(d) At the end of the apprentice period, the board shall issue a license to practice barbering to an apprentice licensee who has:

1. Satisfactorily passed the barber examination prescribed by the board by administrative regulations promulgated in accordance with KRS Chapter 13A; and

2. Complied with all other requirements of this subsection.

(e) The board may issue a barber license by endorsement to a resident of another state, district, or territory within the United States of America upon payment of a fee as established in administrative regulations promulgated by the board in accordance with KRS Chapter 13A, and upon submission of satisfactory evidence that the requirements for licensure in the other state are substantially equivalent to the requirements of this state at the time of application. In the absence of the required equivalency, an applicant from another state, district, or territory within the United States of America, shall show proof of three (3) years or more experience immediately before making application and be currently licensed and in good standing with the state, district, or territory in which he or she is licensed. The board may also require an applicant under this section to pass a written and practical examination to establish equivalency.

(2) The board shall:

(a) Issue a license to operate a barber shop ***or mobile barber shop*** to any barber licensed under the provisions of this chapter upon application and payment of a fee as established in administrative regulations promulgated by the board in accordance with KRS Chapter 13A;

(b) Refuse to issue the license upon a failure of the licensed barber to comply with the provisions of this chapter or the administrative regulations promulgated by the board;

(c) Allow the licensed owner of a barber shop ***or mobile barber shop***, which is licensed under this chapter, to rent or lease space in his or her barber shop to an independent contract owner; and

(d) Allow an unlicensed owner of a barber shop to rent or lease space in his or her barber shop to an independent contract owner, only if the shop owner has a licensed barber as a manager of the shop at all times. If the owner, manager, or location of a barber shop changes, the required form and fee shall be submitted to the board.

(3) The board shall issue a license to operate a school of barbering to any person, firm, or corporation who or which:

(a) Applies for a license upon forms furnished by the board;

(b) Has the equipment and facilities that may be required by administrative regulations promulgated by the board;

(c) Has furnished adequate evidence to the board that:

1. There is an intent to establish a bona fide school for the education and training of competent barbers; and

2. A sufficient number of teachers licensed by the board will be employed to conduct the school, including at least one (1) teacher with a minimum of twelve (12) months' experience teaching in a barber school that includes administrative experience; and

(d) Pays a fee as established in administrative regulations promulgated by the board in accordance with KRS Chapter 13A.

(4) The board shall issue a student permit to any person enrolled in a licensed barber school upon payment of a fee as established in administrative regulations promulgated by the board in accordance with KRS Chapter 13A.

(5) The board shall issue a license to teach barbering to any person who:

(a) Is of good moral character and temperate habit;

(b) Possesses a high school diploma or a High School Equivalency Diploma;

(c) Has been a Kentucky-licensed and practicing barber for at least eighteen (18) months;

(d) Has satisfactorily passed the examination prescribed by the board by promulgation of administrative regulations; and

(e) Has paid a fee as established in administrative regulations promulgated by the board in accordance with KRS Chapter 13A.

(6) The board shall issue a license to any barber who holds an independent contract owner's license who:

(a) Is of good moral character and temperate habit;

(b) Possesses a high school diploma or a High School Equivalency Diploma;

(c) Is a licensed and practicing barber under this chapter; and

(d) Has paid a fee as established in administrative regulations promulgated by the board in accordance with KRS Chapter 13A.

(7) The board shall issue a demonstration charity event permit to any licensed barber who pays a fee as established in administrative regulations promulgated by the board in accordance with KRS Chapter 13A.

(8) Applications for examination required in this section shall be accompanied by an examination fee as established in administrative regulations promulgated by the board in accordance with KRS Chapter 13A.

(9) (a) On and after July 1, 2016, a license issued pursuant to this section shall expire on the first day of July next following the date of its issuance. A license shall be renewed on June 1 through July 1 of each year.

(b) Any license shall automatically be renewed by the board:

1. Upon receipt of the application for renewal or duplicate renewal application form and the required annual renewal license fee submitted either in person or via written or electronic means; and

2. If the applicant for renewal is otherwise in compliance with the provisions of this chapter and the administrative regulations of the board.

(10) The annual renewal license fee for each type of license renewal shall be as established in administrative regulations promulgated by the board in accordance with KRS Chapter 13A.

(11) (a) The fee per year for the renewal of an expired license, if the period of expiration does not exceed five (5) years, shall be as established by administrative regulations promulgated by the board in accordance with KRS Chapter 13A.

(b) An applicant who fails to renew a license within five (5) years of its expiration shall comply with the requirements for relicensure established by the board through promulgation of administrative regulations in accordance with KRS Chapter 13A.

➔Section 11. KRS 317.570 is amended to read as follows:

(1) ***Except as authorized by subsection (4) of this section,*** no examination or part of any examination required by this chapter shall be given unless two (2) or more members of the board are present to supervise the examination;

(2) Examinations given by the board shall cover all phases of the applicant's qualifications for the license applied for including skill and technique of applicant as well as scientific and other knowledge;

(3) Examinations shall be given at regularly prescribed intervals;

(4) Examinations shall be given at the principal office of the board***, except that examinations may be given at a Department of Corrections facility that operates a licensed barber school. Examinations shall be supervised by two (2) or more members of the board, or board staff designated for that purpose, who shall be present at the site of the examination***.

➔Section 12. KRS 317.580 is amended to read as follows:

No barber, independent contract owner, or student shall:

(1) Knowingly continue to practice while he ***or she*** has an infectious or communicable disease;

(2) Fail to provide the head rest of each chair with a relaundered towel or a sheet of clean paper for each patron;

(3) Fail to place around the patron's neck a strip of cotton, towel, or neck strip so that the haircloth does not come in contact with the nude skin of the patron's body;

(4) Use on one (1) patron a towel that has been used upon another patron, unless the towel has been relaundered; or

(5) Use on any patron any razor, scissors, tweezers, comb, sachet, rubber disc or part of vibrator or other similar equipment or appliance that comes into contact with the head, face, hands, or neck of a patron, until the equipment or appliance has been immersed in boiling water for ten (10) minutes or in a sterilizing solution and placed in a wet or dry sterilizer until again used. Only such methods of sterilization as are bacteriologically effective and approved by the Cabinet for Health and Family Services shall be used.

(6) Fail to wash his or her hands in a sink both before and after contact with each patron. Methods to sterilize hands that are bacteriologically effective as approved by the United States Food and Drug Administration's Food Code, Sections 2-301.11 through 2-304.11, shall also be recognized and used. Barber shop ***and mobile barber shop*** licenses ~~[issued after July 12, 2006,]~~shall require that a sink with hot and cold running water be located in the room where barbering is done.

Signed by Governor March 24, 2025.

CHAPTER 69

(SB 133)

AN ACT relating to sanctioning bodies for boxing and wrestling exhibitions.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 229.011 is amended to read as follows:

As used in this chapter unless the context clearly indicates otherwise the following definitions shall apply:

(1) "Advertise" means the use of handbills, placards, posters, billboards, pictures, printed or written material or newspapers or other publications, or radio, television, Internet, and other communication media;

(2) "Boxing" means a contest or exhibition in which a person delivers blows with the fist that may be reasonably expected to disable or inflict injury and in which boxers compete for money, a prize, or other pecuniary gain, or for which admission is charged to spectators;

(3) "Commission" means the Kentucky Boxing and Wrestling Commission;

(4) "Exhibition" means an event or engagement:

(a) In which the participants show or display their skills without necessarily striving to win;~~[or]~~

(b) That involves amateurs not under the jurisdiction of the Kentucky High School Athletic Association, the National Collegiate Athletic Association, the National Association of Intercollegiate Athletics, the Amateur Athletic Union, Golden Gloves, USA Boxing, ***or*** USA Wrestling~~[, or a public show to which an admission ticket is required, or other charge is made, or invitation]~~; ***or***

(c) That involves a public show in which an admission ticket is required, or other charge is made, that is not sanctioned by one (1) of the sanctioning bodies listed in paragraph (b) of this subsection;

(5) "Kickboxing" means a boxing contest or exhibition where the participants are allowed to throw kicks or foot blows at the opponent in addition to punching with the hands and in which kickboxers compete for money, a prize, or other pecuniary gain, or for which admission is charged to spectators;

(6) "Mixed martial arts" means any form of unarmed contest or exhibition in which participants compete for money, a prize, or other pecuniary gain, or for which admission is charged to spectators. Mixed martial arts may include any element or combination of elements of boxing, kickboxing, wrestling, or other martial arts.

Exhibitions where participants are judged on form and style and where punches and kicks are pulled shall not be included in this definition;

(7) "Muay thai" means a boxing contest or exhibition where the participants are allowed combined use of clinches, elbows, knees, and shins in addition to punching with the hands and in which participants compete for money, a prize, or other pecuniary gain, or for which admission is charged to spectators;

(8) "Person" means an individual, partnership, corporation, association, or club;

(9) "Show" means any boxing, kickboxing, mixed martial arts, muay thai, or wrestling match, contest, or exhibition coming under the jurisdiction of the Kentucky Boxing and Wrestling Commission;

(10) "Unarmed combat" means boxing, kickboxing, sparring, wrestling, mixed martial arts, or muay thai under the jurisdiction of the commission; and

(11) "Wrestling" means an activity or performance of athletic and wrestling skill between individuals who are not under the jurisdiction of the Kentucky High School Athletic Association, the National Collegiate Athletic Association, the National Association of Intercollegiate Athletics, or USA Wrestling in which the participants struggle hand-to-hand primarily for the purpose of providing entertainment to spectators rather than conducting a bona fide athletic contest. The outcome of these matches may be predetermined. Participating wrestlers may not be required to use their best efforts in order to win.

➔Section 2. KRS 229.045 is amended to read as follows:

(1) USA Boxing is the only sanctioning body recognized to conduct combat sports not covered under this chapter.

(2) All other sanctioning bodies shall be nonprofit and submit a request to the commission to be recognized as a sanctioning body according to the requirements the commission establishes through the promulgation of an administrative regulation.

(3) Sanctioning bodies shall provide notice to the commission of all combat sports exhibitions not otherwise covered under this chapter for publication in a calendar of events according to the requirements the commission establishes through the promulgation of an administrative regulation in accordance with KRS Chapter 13A.

Signed by Governor March 24, 2025.

CHAPTER 70

(HB 783)

AN ACT relating to temporary motor vehicle tags.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 186A.100 is amended to read as follows:

(1) A motor vehicle dealer ***issued a dealer plate***~~[licensed]~~ under KRS 186.070 who sells a vehicle ***to a person who will title and register the vehicle*** for use upon the highways of this state ***or another state*** shall equip the vehicle with***:***

(a) The buyer's existing Kentucky license plate, if the customer traded in a vehicle bearing that plate and the vehicle will be titled and registered in Kentucky. The cost of this temporary use of the existing plate shall be three dollars ($3), of which the clerk shall retain two dollars ($2). This cost shall not replace any other fees for reissuance of the existing plate at registration of the purchased vehicle; or

(b) A temporary tag executed in the manner prescribed ***in this section and in Sections 2 and 3 of this Act***~~[below]~~, which shall be valid for sixty (60) days from the date the vehicle is delivered to the purchaser. The cost of the tag shall be ***three dollars ($3)***~~[two dollars ($2)]~~, of which the clerk shall retain ***two dollars ($2)***~~[one dollar ($1)]~~.

(2) (a) A motor vehicle dealer ***who meets the requirements of subsection (1) of this section***~~[licensed under KRS 186.070]~~ shall***:***

1. Apply to the county clerk of the county in which the dealer maintains his ***or her*** principal place of business for issuance of temporary tags***; and***

2. Not apply to the county clerk of any other county unless granted permission by the Motor Vehicle Commission.

(b) When applying for temporary tags, a motor vehicle dealer:

1. Shall report the number of sales in the previous year;

2. Shall be limited to an initial purchase of temporary tags of no more than one hundred twenty-five percent (125%) of the number of sales in the previous year; and

3. May provide the Motor Vehicle Commission with evidence of sales in excess of eighty-five percent (85%) of the number of tags received under subparagraph 2. of this paragraph, and the Motor Vehicle Commission may allow the dealer to purchase additional temporary tags.

(c) A motor vehicle dealer shall make application~~[shall be made]~~ for ***temporary***~~[such]~~ tags on forms supplied to the county clerk by the Transportation Cabinet.

(3)~~[(2)]~~ The county clerk of any county who receives a proper application for issuance of temporary tags shall record the number of each tag issued upon the application of the dealer for ***temporary***~~[such]~~ tags, or if a group of consecutively numbered temporary tags are issued to a dealer in connection with a single application, record the beginning and ending numbers of the group on the application.

(4)~~[(3)]~~ The clerk shall retain, for a period of two (2) years, one (1) copy of the dealer's temporary tag application, and ensure that it reflects the numbers appearing on the tags issued with respect to ***the***~~[such]~~ application. ***These copies may be kept by the county clerk in an electronic format.***

(5)~~[(4)]~~ If the owner of a motor vehicle submits to the county clerk a properly completed application for Kentucky certificate of title and registration pursuant to KRS 186A.120, any motor vehicle required to be registered and titled in Kentucky, that is not currently registered and titled in Kentucky, may be equipped with a temporary tag, which shall be valid for sixty (60) days from the date of issuance, issued by the county clerk for the purpose of operating the vehicle in Kentucky while assembling the necessary documents in order to title and register the vehicle in Kentucky. The Transportation Cabinet may ***promulgate***~~[establish]~~ administrative regulations governing this section.

(6)~~[(5)]~~ The county clerk may issue a temporary tag to the owner of a motor vehicle that is currently registered and titled in Kentucky. A temporary tag authorized by this subsection shall be used for emergency or unusual purposes as determined by the clerk for the purpose of maintaining the owner's current registration. A temporary tag authorized by this subsection may only be issued by the county clerk and shall be valid for a period of between twenty-four (24) hours and seven (7) days, as determined is necessary by the clerk. A county clerk shall not issue a temporary tag authorized by this subsection unless the owner of the motor vehicle applying for the tag presents proof of motor vehicle insurance pursuant to KRS 304.39-080. ~~[On and after January 1, 2006,]~~If the motor vehicle is a personal motor vehicle as defined in KRS 304.39-087, proof of insurance shall be determined by the county clerk as provided in KRS 186A.042. A temporary tag issued pursuant to this subsection shall not be reissued by the county clerk for the same owner and same motor vehicle within one (1) year of issuance of a temporary tag.

➔Section 2. KRS 186A.105 is amended to read as follows:

(1) Motor vehicle dealers, their agents and county clerks, before equipping a vehicle with a temporary tag, shall print or stamp in waterproof ink, legibly, in the spaces provided on ***the***~~[such]~~ tag:

(a) The month, day and year the vehicle was delivered to the purchaser;

(b) The month, day and year of expiration of the tag which shall be no more than sixty (60) days following the date of delivery of the vehicle to the purchaser;

(c) The purchaser's or owner's name;

(d) The year model, make and vehicle identification number of the vehicle sold; and

(e) Either the dealer's name, city of principal place of business and the telephone number, including telephone area code, or the clerk's name, county and telephone number, including area code.

(2) ***(a)*** The dealer's employee who executes the temporary tag shall place his ***or her*** signature in the space provided.

(b) A dealer who issues, or whose agents issue, temporary tags shall***:***

1. Keep a log of each temporary tag obtained and each tag issued, ***legibly*** showing all information entered by the dealer or dealer's agent on forms supplied by the cabinet***. These records may be kept in an electronic format;***

2. Organize the log in sequential order by the date the tags are issued;

3. Maintain the~~[, and shall make such]~~ log ***at the dealer's principal place of business and make it*** available for inspection by any law enforcement officer ***or authorized agent of the Motor Vehicle Commission*** upon request***;***~~[.]~~

4. Retain any temporary tags which have been voided as part of the log; and

5. Retain the log~~[shall be retained by the dealer]~~ for a period of at least two (2) years following the date of issuance of the last dated tags whose issuance is indicated on any individual temporary tag log sheet. ***These records may be kept in an electronic format.***

(3) The county clerk who executes the temporary tag shall place his ***or her*** signature in the space provided. A county clerk who issues temporary tags shall keep a log of each temporary tag obtained and each tag issued, showing all information entered by the county clerk on forms supplied by the cabinet, and shall make the log available for inspection by any law enforcement officer upon request. The log shall be retained by the county clerk for a period of at least two (2) years following the date of issuance of the last dated tags whose issuance is indicated on any individual temporary tag log sheet. ***The log required under this subsection may be kept by the county clerk in an electronic format.***

➔Section 3. KRS 186A.110 is amended to read as follows:

(1) A motor vehicle dealer, salesperson, or agent shall not:

(a) Issue a temporary tag prior to sale of the vehicle on which the tag is placed by the dealer;

(b) Issue a temporary tag to a vehicle that has any title that signifies it is not legally eligible for highway use;

(c) Issue more than one (1) temporary tag to the same vehicle;

(d) Supply temporary tags to another dealership;

(e) Copy or reuse any temporary tag for issuance to more than one (1) vehicle;

(f) Fail to return any unissued temporary tags to the county clerk when a dealership ceases operations; or

(g) Fail to comply with the issuance requirements and recordkeeping provisions of Section 2 of this Act.

(2) Both the dealer and the dealer's ***salesperson***~~[salesman]~~ or agent shall be liable for separate penalties for ***any violation of this section or Section 1 or 2 of this Act***~~[issuance of a temporary tag prior to sale of the vehicle on which the tag is placed by the dealer, for placement of a tag on a vehicle other than one purchased by the purchaser shown on such tag, for failure to fully execute as provided in this section a temporary tag which is placed upon a vehicle, and for failure to maintain the records required by KRS 186A.105]~~.

➔Section 4. KRS 186A.990 is amended to read as follows:

(1) Any person who knowingly gives false, fraudulent, or erroneous information in connection with an application for the registration, and when required, titling of a vehicle, or any application for assignment of a vehicle identification number, or replacement documents, or gives information in connection with his or her review of applications, or falsely certifies the truthfulness and accuracy of information supplied in connection with the registration and when required, titling of a vehicle, shall be guilty of forgery in the second degree.

(2) Any person who violates KRS 186A.260 or KRS 186A.275 to 186A.285 shall be guilty of a Class D felony.

(3) Any person who violates KRS 186A.300 to 186A.315 shall be guilty of a Class D felony.

(4) ***(a)*** Any person who operates a motor vehicle or trailer upon the highways of this state without a temporary tag when one is required, or with one that is expired, improperly executed, or displayed on a vehicle other than the one (1) to which it was legitimately and lawfully issued, shall be guilty of a Class B misdemeanor.

(b) Any person who steals, fraudulently produces, copies, or acquires a temporary tag in a manner not authorized under this chapter shall be guilty of a Class D felony.

(5) Any person who violates the disclosure provisions of KRS 186A.530(8) shall be guilty of a Class A misdemeanor.

(6) Any person who violates any provisions of this chapter, or regulations promulgated pursuant thereto, and for which a specific penalty is not prescribed by statute, shall be guilty of a Class A misdemeanor.

(7) Criminal remedies or sanctions provided in this chapter are in addition to, and not exclusive of, any other criminal remedies or sanctions provided elsewhere in the statutes.

(8) Any person who intentionally or willfully divulges his, her, or another person's certified inspector number to any person other than those designated individuals within the offices of the sheriff, county clerk, or other state office, except in the course of his or her official assigned duties, shall be guilty of a Class A misdemeanor.

(9) Any person who intentionally or willfully sells his, her, or another person's certified inspector number to any person or persons shall be guilty of a Class D felony.

(10) A motor vehicle dealer, salesperson, or agent who violates subsection (4) of this section or Section 1, 2, or 3 of this Act shall, in addition to the penalties prescribed in this section, be subject to the penalties in Section 5 of this Act.

➔Section 5. KRS 190.990 is amended to read as follows:

(1) Except as provided in subsection (5) of this section, any person who violates or causes, aids, or abets any violation of any provision of KRS 190.010 to 190.080 and KRS Chapter 190A, as such provisions apply, respectively, to new motor vehicle dealers, new recreational vehicle dealers, manufacturers, distributors, factory branches, or factory representatives, or any order, rule or regulation lawfully issued pursuant to authority granted by KRS 190.010 to 190.080 shall be fined not less than twenty-five dollars ($25) nor more than five hundred dollars ($500), or imprisoned for not more than thirty (30) days, or both. Any person who violates paragraphs (l), (m) or (n) of subsection (1) of KRS 190.040 may also be subject to a suspension or revocation sentence of not more than a year effective only in the territory formerly served by the unfairly canceled dealer, except that in a metropolitan area serviced by several dealers handling the same motor vehicle or recreational vehicle, the suspension or revocation order shall not be applicable to the remaining dealers.

(2) Any person who willfully and intentionally violates any provision of KRS 190.090 to 190.140 shall be guilty of a misdemeanor and upon conviction shall be punished by a fine not exceeding five hundred dollars ($500).

(3) A willful violation of KRS 190.100 or 190.110 by any person shall bar his ***or her*** recovery of any finance charge, delinquency, or collection charge on the retail installment contract involved.

(4) Any person who willfully violates KRS 190.270 to 190.320 shall be subject to a penalty of five thousand dollars ($5,000) per violation, which may be recovered on behalf of the Commonwealth by the Attorney General.

(5) Any person who willfully and fraudulently gives a false statement as to the total and actual consideration paid for a motor vehicle under KRS 138.450 shall be guilty of a Class D felony and shall be fined not less than two thousand dollars ($2,000) per offense.

(6) Any licensee who violates Section 1, 2, or 3 of this Act or subsection (4) of Section 4 of this Act may be subject to the following penalties levied by the commission:

(a) For the first offense, a warning or a fine of up to one thousand dollars ($1,000) per violation;

(b) For the second offense within a two (2) year period, a fine of up to two thousand dollars ($2,000) per violation and a suspension of the licensee's license for up to one (1) year; and

(c) For the third offense within a two (2) year period, a fine of up to two thousand dollars ($2,000) per violation and a revocation of the licensee's license.

➔Section 6. KRS 186.990 is amended to read as follows:

(1) Any person who violates any of the provisions of KRS 186.020, 186.030, 186.040, 186.045(4), 186.050, 186.056, 186.060, 186.073, 186.110, 186.130, 186.140, 186.160, 186.170, 186.180(1) to (4)(a), 186.210(1), 186.230, or KRS 186.655 to 186.680 shall be guilty of a violation.

(2) Any person who violates any of the provisions of KRS 138.465, 186.072, 186.190, 186.200, or 186.210(2) shall be guilty of a Class A misdemeanor.

(3) A person who violates the provisions of KRS 186.450(4), (5), or (6) or 186.452(3), (4), or (5) shall be guilty of a violation. A person who violates any of the other provisions of KRS 186.400 to 186.640 shall be guilty of a Class B misdemeanor.

(4) Any clerk or judge failing to comply with KRS 186.550(1) shall be guilty of a violation.

(5) If it appears to the satisfaction of the trial court that any offender under KRS 186.400 to 186.640 has a driver's license but in good faith failed to have it on his or her person or misplaced or lost it, the court may, in its discretion, dismiss the charges against the defendant without fine, imprisonment, or cost.

(6) Any person who steals a motor vehicle registration plate***, temporary tag,*** or renewal decal shall be guilty of a Class D felony. Displaying a canceled registration plate ***or temporary tag*** on a motor vehicle shall be prima facie evidence of guilt under this section.

(7) Any person who violates the provisions of KRS 186.1911 shall be guilty of a Class A misdemeanor.

(8) Any person who makes a false affidavit to secure a license plate under KRS 186.172 shall be guilty of a Class A misdemeanor.

(9) Any person who violates any provision of KRS 186.070 or 186.150 shall be guilty of a Class A misdemeanor.

(10) Any person who operates a vehicle bearing a dealer's plate upon the highways of this Commonwealth with intent to evade the motor vehicle usage tax or registration fee shall be guilty of a Class A misdemeanor for the first offense and a Class D felony for each subsequent offense.

(11) Any person, other than a licensed dealer or manufacturer, who procures a dealer's plate with intent to evade the motor vehicle usage tax or registration fee shall be guilty of a Class D felony.

(12) Any resident who unlawfully registers, titles, or licenses a motor vehicle in any state other than Kentucky with intent to evade the motor vehicle usage tax or the registration fee shall be guilty of a Class A misdemeanor if the amount of tax due is less than one hundred dollars ($100), or of a Class D felony if the amount of tax due is more than one hundred dollars ($100), and in addition shall be liable for all taxes so evaded with applicable interest and penalties.

Signed by Governor March 24, 2025.

CHAPTER 71

(HB 605)

AN ACT relating to economic relief for local communities of the Commonwealth and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 154.14-020 is amended to read as follows:

As used in this subchapter:

(1) "Cabinet" means the Cabinet for Economic Development;

(2) ~~["Commission" means the GRANT Commission established in KRS 154.14-080;~~

~~(3)~~ ~~]~~"County population ranking" means the score of each county determined by the cabinet under KRS 154.14-050(7);

(3)~~[(4)]~~ "Eligible grant ***applicant***~~[recipient]~~" means~~[a grant applicant that is]~~ a county or city governing body***, any entity organized in Kentucky providing public services through law enforcement, fire, emergency medical, rescue, waterfront development, a water utility, or a waste water utility to persons domiciled in Kentucky,*** or ***a*** nonprofit charitable organization organized under 26 U.S.C. sec. 501(c)(3) and engaged in public benefit improvements;

(4)~~[(5)]~~ "Eligible project" means a project that:

(a) ***Meets the requirements for a federal grant offered or administered by a qualifying federal entity that:***

1. Requires a local match; or

2. Is a Delta Regional Authority project that includes language explicitly stating that a local match will make an application more competitive;

(b) Benefits the public or substantially benefits the public and satisfies the evaluation criteria in KRS 154.14-050 and that is initiated on:

1. Publicly owned property;

2. Property to be acquired, which comes with either a:

a. Legally binding letter of intent or option for the sale to an eligible grant ***applicant***~~[recipient]~~; or

b. Legally binding sale agreement for the sale to an eligible grant ***applicant***~~[recipient]~~; or

3. Private property on which a project is located that is in the public interest and for a public purpose and that benefits an eligible community; and

(c)~~[(b)]~~ Requires local matching funds based on the county population ranking as provided in KRS 154.14-050;

(5)~~[(6)]~~ "Eligible use" means the authorized purpose for which an awarded grant may be used depending on the source of funds from the ***federal government***~~[Commonwealth]~~;

(6) "GRANT Program" means the Government Resources Accelerating Needed Transformation Program established in Section 2 of this Act;

(7) ***"GRANT Program fund" means the fund established in Section 5 of this Act***~~["Interagency Working Group" means the Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization established by Presidential Executive Order 14008, issued on January 27, 2021]~~;

(8) "Population density":

(a) Means the number of persons per square mile of a county;

(b) Is calculated by dividing the total county population by the square miles in the county;

(c) Is determined by using the population estimate from the most recent available five (5) year American Community Survey as published by the United States Census Bureau; and

(d) Is used to rank each county in descending order, with the county having the largest population density receiving a rank of one (1) and the county with the smallest population density receiving a rank of one hundred twenty (120);

(9) ***"Qualifying federal entity" includes the following:***

(a) The Domestic Policy Council;

(b) The Office of Management and Budget;

(c) The United States Department of Energy;

(d) The United States Department of the Treasury;

(e) The United States Department of the Interior;

(f) The United States Department of Agriculture;

(g) The United States Department of Commerce;

(h) The United States Department of Labor;

(i) The United States Department of Health and Human Services;

(j) The United States Department of Housing and Urban Development;

(k) The United States Department of Transportation;

(l) The United States Department of Education;

(m) The United States Department of Homeland Security;

(n) The United States Environmental Protection Agency;

(o) The United States Department of the Army;

(p) The Appalachian Regional Commission;

(q) The Delta Regional Authority;

(r) The National Science Foundation; and

(s) Any federal agency, department, or entity that is the successor of an entity listed in paragraphs (a) to (r) of this subsection;

(10) "Regional project" means an eligible project that is proposed by eligible grant ***applicants***~~[recipients]~~ residing or having a primary business address in different counties in this Commonwealth ***or by eligible grant subrecipients as part of a multistate project*** who submit a ***regional***~~[single]~~ grant application; and

(11)~~[(10)]~~ "Ten (10) year percentage change in population":

(a) Means the percentage change in population within a county;

(b) Is determined by comparing the population estimate from the most recent available five (5) year American Community Survey as published by the United States Census Bureau to the same survey ten (10) years prior to the most recent available survey; and

(c) Is used to rank each county in descending order, with the county having the largest positive percentage change in population receiving a rank of one (1) and the county with the largest negative percentage change receiving a rank of one hundred twenty (120).

➔Section 2. KRS 154.14-030 is amended to read as follows:

(1) The Government Resources Accelerating Needed Transformation Program~~[of 2024]~~ is hereby established under the cabinet~~[, subject to the approval of the commission established in KRS 154.14-080]~~. The cabinet's administration of the program includes but is not limited to the following:

(a) Creating and making available a standardized grant application and a regional grant application for the obligation of state funds under this subchapter to apply for matching federal funds;

(b) Developing a standardized scoring system pursuant to this section and KRS 154.14-050;

(c) Reviewing and processing ~~[the]~~applications submitted ***to the cabinet*** by~~[the proposed]~~ eligible grant ***applicants***~~[recipients to the cabinet]~~;

(d) Verifying ***that***~~[and determining whether a match applicant is]~~ an eligible grant ***applicant***~~[recipient that]~~ is seeking a federal grant for an eligible project;

(e) Evaluating the project proposed by the match application in accordance with the evaluation criteria set forth in this section and KRS 154.14-050***;***~~[.]~~

(f) Scoring each ~~[match]~~application pursuant to the scoring system described in KRS 154.14-050;

(g) Ranking each match application:

1. To prioritize the greatest return on investment and relative positive impact of the eligible project; and

2. Based on the project evaluation and the project score described in this section and KRS 154.14-050***;***~~[.]~~

(h) ***Identifying eligible grant***~~[Compiling a list of proposed match]~~ applicants whose eligible project demonstrates a high level of investment potential if a match is provided, as revealed by the evaluation, scoring, and ***county population*** ranking process described in this section and KRS 154.14-050;

(i) Providing detailed feedback to the ***eligible grant***~~[match]~~ applicants after the project evaluation and project score are completed and the ~~[match]~~application is approved or denied by the cabinet, unless otherwise prohibited by federal or state law;

(j) Obligating matching funds to selected eligible grant ***applicants***~~[recipients]~~; ***and***

(k) Compiling the monthly ***and annual reports***~~[report]~~ to be submitted under KRS 154.14-070~~[; and~~

~~(l) Compiling the annual report to be submitted under KRS 154.14-070~~].

(2) The cabinet shall determine the terms, conditions, and requirements of ***grant awards from the GRANT Program***[~~application for match funds awarded from the Government Resources Accelerating Needed Transformation Program of 2024~~] fund. The cabinet may establish procedures and standards for the review and approval of ***the*** obligation of match funds through the promulgation of administrative regulations in accordance with KRS Chapter 13A[~~. By December 1, 2024, the cabinet shall submit recommended legislative changes to the Legislative Research Commission for referral to and for consideration by the Senate Standing Committee on Appropriations and Revenue and the House Standing Committee on Appropriations and Revenue or the Interim Joint Committee on Appropriations and Revenue~~].

(3) The secretary of the cabinet shall have the authority to hire staff, contract for services, expend funds, and operate the normal business activities of the ***GRANT Program***[~~Government Resources Accelerating Needed Transformation Program of 2024~~]. Notwithstanding KRS Chapter 45A, the cabinet may contract with a third party for implementation and administration of the program.

(4) The ***GRANT Program***[~~Government Resources Accelerating Needed Transformation Program of 2024 as provided in this subchapter~~] shall sunset on December 31, 2026, unless authorized by the General Assembly to continue its work for a specified period of time.

(5) The Kentucky Council of Area Development Districts and local area development districts shall assist eligible grant ***applicants***[~~recipients~~] in identifying available federal grant opportunities and preparing federal grant applications and ***GRANT Program***[~~Government Resources Accelerating Needed Transformation Program of 2024~~] applications. [~~Nothing in~~]This subsection shall ***not*** prevent any public agency or nonprofit entity from assisting eligible grant ***applicants***[~~recipients~~] in identifying available federal grant opportunities and preparing federal grant applications and ***GRANT Program***[~~Government Resources Accelerating Needed Transformation Program of 2024~~] applications.

(6) Upon request of the local area development districts, a local public institution in the postsecondary education system as defined in KRS 164.001 shall assist the eligible grant ***applicants***[~~recipients~~] in their area by including but not limited to:

(a) Identifying opportunities for federal grants;

(b) Rendering supplemental support for federal grant applications on behalf of the communities including but not limited to providing data and analysis for the federal grant application; or

(c) Acting as the contact person for the local public institution to the Kentucky Council of Area Development Districts and to the area development district in which the local public institution is located and updating the contact person information.

➔Section 3. KRS 154.14-040 is amended to read as follows:

(1) (a) To participate in the ***GRANT Program***[~~Government Resources Accelerating Needed Transformation Program of 2024~~], ***eligible*** grant applicants shall submit either a standardized or a regional ***grant*** application to the cabinet[~~ for consideration by the commission~~].

(b) ***The cabinet shall review applications monthly. Each monthly review shall include all applications submitted but not yet reviewed by the first day of each month.***

(c) The cabinet shall provide a preliminary evaluation of ***each application submitted by the first day of the month***[~~the application~~] within ***fourteen (14) calendar***[~~five (5) business~~] days of ***the first day of the month***[~~receipt of the application~~]. As part of the preliminary evaluation, the cabinet shall consider ***the applicant's eligibility and the application***[~~the following:~~

~~1. Applicant's eligibility when evaluated against the requirements of the federal grant; and~~

~~2. Application~~] completeness when evaluated against the requirements of the federal grant.

(d)[~~(c)~~] The cabinet shall provide a final decision of approval or denial on the application ***by the last day of the month in which the application was preliminarily reviewed. If an application is denied, the cabinet may provide feedback about any possible corrective action, in which case the applicant may resubmit the application for reconsideration after taking the recommended corrective action***[~~within twenty-one (21) calendar days of receipt of the application~~].

(2) If a grant application is ***approved, the recipient***[~~selected as an eligible match recipient approved under this subchapter, it~~] shall comply with any match [~~agreement~~]and reporting requirements ***established***[~~deemed~~

~~necessary]~~ by the cabinet to verify that the awarded funds ***will be or have been expended on***~~[to go toward]~~ an eligible use.

(3) ***The obligation of funds for an approved project shall not remain obligated longer than twelve (12) months for that project. An approved project may receive a six (6) month extension of this deadline from the cabinet.***

(4) If the ***grant***~~[selected match]~~ recipient fails to comply with subsection (2) of this section or uses the awarded ***funds***~~[match money]~~ for any purpose other than an eligible use, the ***grant***~~[selected eligible match]~~ recipient shall forfeit and be liable to the cabinet for the full award amount.

➔Section 4. KRS 154.14-050 is amended to read as follows:

(1) ~~[The cabinet shall identify and certify the areas for grant funding designated by the United States Department of Housing and Urban Development, Delta Regional Authority, or Interagency Working Group as a priority for obligation of match funds. Any area in Kentucky that is eligible for federal grant resources but is not a United States Department of Housing and Urban Development, a Delta Regional Authority, or an Interagency Working Group designated community, may be eligible for obligation of state funds under this section.]~~The cabinet shall not approve a project unless it finds that the project is in the public interest and the grant funds will be used for a public purpose. For purposes of this subsection, projects that are in the public interest and for a public purpose can include a derivative private benefit, if the cabinet finds the following:

(a) The project will enhance a community or region;

(b) The granting entity for which the cabinet's matching grant is being used requires a public purpose for grant eligibility; or

(c) The cabinet in its judgment concludes the proposal will enhance the quality of life or services in a community or region.

(2) The cabinet shall evaluate each applicant's eligible project according to the criteria described in this section for the purpose of compiling a ~~[recommendation and]~~score for the eligible project pursuant to this section.

(3) If a match applicant is selected as an eligible grant ***applicant***~~[recipient]~~ approved under the ***GRANT Program***~~[Government Resources Accelerating Needed Transformation Program of 2024]~~, it shall comply with any incentive agreements and reporting requirements deemed necessary by the cabinet to verify that the awarded grant shall go toward an eligible use.

(4) In the administration of the ***GRANT Program***~~[Government Resources Accelerating Needed Transformation Program of 2024]~~, the cabinet shall develop a scoring system for ***eligible grant applications***~~[the project proposed by each match applicant]~~ based on the total projected return on investment and the relative positive impact in the community.

(5) The scoring system shall include a:

(a) Score in each category as specified in subsection (6) of this section; and

(b) Total weighted score, which is the average of the scores in each category.

(6) The scoring categories shall include but are not limited to:

(a) Projected return on investment the project will yield, which includes an assessment of the:

1. Likelihood of project completion both with the ***match***~~[cabinet's]~~ funding and without;

2. Application content when evaluated against the federal grant program's publicly available scoring rubric or evaluation criteria, if any;

3. Projected gross economic impact of the proposed project on the community;

4. Projected number of jobs created by the proposed project and subsequent impact on the community;

5. Determination of the cost of the project based on the ***amount***~~[cost]~~ expended by the cabinet if it obligates the requested grant amount to the applicant;

6. Evidence of community support for the project ***submitted by:***

a. The eligible grant applicant; or

b. A majority of eligible grant applicants for a regional project;

7. Likelihood that the applicant can successfully manage the federal grant's administration requirements; and

8. Likelihood of success based on a federal agency prioritization of a particular applicant; and

(b) Overall positive impact the project will have on the surrounding community as evidenced by clear and feasible projected outcomes of the grant-funded project.

(7) (a) On or before May 1, 2024, and not later than May 1 every two (2) years thereafter, the cabinet shall determine a county population ranking for each county by adding the following two (2) factors:

1. The population density ranking; and

2. The ten (10) year percentage change in population ranking.

(b) The required local match for each county shall be as follows:

1. Eligible projects in counties where the county population ranking is greater than or equal to one hundred ninety-three (193) shall provide a minimum amount of local matching funds equal to one percent (1%) of the state match;

2. Eligible projects in counties where the county population ranking is less than one hundred ninety-three (193) but greater than or equal to one hundred forty-five (145) shall provide a minimum amount of local matching funds equal to two percent (2%) of the state match;

3. Eligible projects in counties where the county population ranking is less than one hundred forty-five (145) but greater than or equal to ninety-seven (97) shall provide a minimum amount of local matching funds equal to three percent (3%) of the state match;

4. Eligible projects in counties where the county population ranking is less than ninety-seven (97) but greater than or equal to forty-nine (49) shall provide a minimum amount of local matching funds equal to four percent (4%) of the state match; and

5. Eligible projects in counties where the county population ranking is less than forty-nine (49) shall provide a minimum amount of local matching funds equal to five percent (5%) of the state match.

(c) On or before November 1, 2024, and no later than November 1 every two (2) years thereafter, the cabinet shall report to the Legislative Research Commission and the Interim Joint Committee on Appropriation and Revenue the following information for each county:

1. The county name;

2. The population density ranking for that county;

3. The ten (10) year percentage change in population ranking for that county; and

4. The county population ranking for that county.

(8) (a) For selected eligible grant ***applicants***~~[recipients]~~ that are involved in a regional project, the cabinet may pool the potential allocation of funds available for each county represented by the eligible grant ***applicants***~~[recipients]~~ for the grant amount awarded.

(b) A county that is an eligible grant ***applicant***~~[recipient]~~ involved in a regional project shall provide that county's local matching funds based on the county population ranking determined under subsection (7) of this section and each county's local matching funds may be pooled as described in paragraph (a) of this subsection~~[.~~

~~(9) Beginning no later than November 1, 2024, and annually thereafter until the authorized appropriation is spent or returned, the cabinet shall compile and submit a report for each application approved by the GRANT Commission established in KRS 154.14-080 for the Government Resources Accelerating Needed Transformation Program of 2024. The report shall be electronically delivered to the Legislative Research Commission and the Interim Joint Committee on Appropriations and Revenue and contain the following information:~~

~~(a) The name of the applicant, a description of the eligible project, and the location of each proposed project for which an application was approved;~~

~~(b) The date the application was approved by the GRANT Commission;~~

~~(c) The amount of funding authorized for each project approved;~~

~~(d) The total amount of funding disbursed for each project approved; and~~

~~(e) The round of funding for which each project received approval.~~

~~(10) The Government Resources Accelerating Needed Transformation Program of 2024 shall begin April 15, 2024. The cabinet shall begin accepting applications for the program on May 15, 2024~~].

➔Section 5. KRS 154.14-060 is amended to read as follows:

(1) There is hereby established in the State Treasury a trust and agency account to be known as the ***GRANT Program***[~~Government Resources Accelerating Needed Transformation Program of 2024~~] fund. The fund shall consist of moneys received from state appropriations, gifts, grants, and federal funds.

(2) The fund shall be administered and maintained by the cabinet.

(3) ***(a)*** Amounts deposited in the fund shall be used for awarding:

1.[~~(a)~~] Matching funds to ***successful*** applicants of the ***GRANT Program***[~~Government Resources Accelerating Needed Transformation Program of 2024~~] upon notification of award of the federal grant requiring matching funds. ***Except as provided in paragraph (b) of this subsection,*** up to twenty percent (20%) of the amounts deposited in the fund shall be used for match awards for nonprofit charitable organizations organized under 26 U.S.C. sec. 501(c)(3); and

2.[~~(b)~~] Matching funds to ***successful*** applicants of the ***GRANT Program***[~~Government Resources Accelerating Needed Transformation Program of 2024~~] upon notification of award of the federal grant requiring matching funds. ***Except as provided in paragraph (b) of this subsection,*** up to eighty percent (80%) of the amounts deposited in the fund shall be used for match awards to county or city governing bodies.

(b) The cabinet may transfer up to ten percent (10%) of funds remaining in one (1) of the categories listed in paragraph (a)1. or 2. of this subsection to the other category in that paragraph if:

1. The upper limit established is reached within a category;

2. There are eligible projects to be funded from the category that has reached the limit; and

3. Funds remain available in the other category.

If a transfer is made, the cabinet shall provide notice in writing to the Interim Joint Committee on Appropriations and Revenue if the transfer is made during an interim between legislative sessions, or the Senate Standing Committee on Appropriations and Revenue and the House Standing Committee on Appropriations and Revenue if the transfer is made during a legislative session.

(4) Notwithstanding KRS 45.229, moneys in the account not expended at the close of a fiscal year shall not lapse but shall be carried forward into the next fiscal year.

(5) Any interest earnings of the fund shall become a part of the fund and shall not lapse.

(6)[~~ Moneys deposited in the fund are hereby appropriated for the purposes set forth in this section and shall not be appropriated or transferred by the General Assembly for any other purposes.~~

~~(7)~~] Any match funds awarded under subsection (3) of this section shall be canceled upon denial of the federal award[~~.~~

~~(8) On or after June 30, 2024, any unencumbered moneys in the fund established in KRS 147A.158 shall be transferred to the Government Resources Accelerating Needed Transformation Program of 2024 fund administered by the Cabinet for Economic Development created in this section~~].

➔Section 6. KRS 154.14-070 is amended to read as follows:

(1) (a) By June 1, 2024, ***and the first day of each month thereafter,*** the cabinet shall submit a [~~monthly~~]report on eligible project applications to the Governor and the Senate Standing Committee on Appropriations and Revenue and the House Standing Committee on Appropriations and Revenue, or the Interim Joint Committee on Appropriations and Revenue, and make the reports available on the cabinet's website.

(b) The monthly report shall be a summary of the eligible project applications and shall include but not be limited to the following:

1. A list of all ***eligible grant applications received***~~[match applicants]~~;

2. The identity of applicants who were not selected for ***the*** obligation of ~~[match]~~funds;

3. Trends found in feedback given to applicants who were not selected for ***the*** obligation of ~~[match]~~funds;

4. ***For each submitted eligible grant application:***

a. ***The eligible use of funds and project for which funds are requested***~~[Eligible uses of the projects cited in the match applications]~~;

b.~~[5.]~~ The date of ***submission***~~[the application;~~

~~6. The date of receipt of the application by the cabinet]~~;

c.~~[7.]~~ A description of the federal grant funds applied for by the applicant;

d.~~[8.]~~ A description of the title, subject matter, preliminary evaluation, and scoring tally of the eligible ***grant application***~~[project]~~;

e.~~[9.]~~ The date of the cabinet's preliminary evaluation;

f.~~[10.]~~ The amount ~~[of moneys]~~requested, and the amount ~~[of moneys]~~approved or denied~~[for each application]~~; ***and***

g.~~[11.]~~The date of the cabinet's final decision on obligation of the match funds, the date of the federal grant approval or denial, and whether the eligible project was approved or denied~~[; and~~

~~12. Any other information requested by the cabinet]~~.

(2) By November 1, 2024, and annually thereafter until November 1, 2026, the cabinet shall prepare an annual report of the ***GRANT Program***~~[Government Resources Accelerating Needed Transformation Program of 2024]~~ to be submitted to the Governor and the Interim Joint Committee on Appropriations and Revenue and made available on the cabinet's website. The annual report shall include but not be limited to the following:

(a) A summary of the monthly reports and the ***eligible grant***~~[match]~~ applications received and relevant statistics relating to actions taken by the cabinet and grants awarded, including the applicant, award amount, and the purpose of the funding;

(b) The current balance of the ***GRANT Program***~~[Government Resources Accelerating Needed Transformation Program of 2024]~~ fund;

(c) Recommendations regarding appropriations to the ***GRANT Program***~~[Government Resources Accelerating Needed Transformation Program of 2024]~~ fund for the upcoming fiscal year; and

(d) Recommendations for legislation or policy actions needed to facilitate greater receipt of grant funding to eligible grant ***applicants***~~[recipients]~~.

➔Section 7. The following KRS sections are repealed:

154.14-010 Purpose of Government Resources Accelerating Needed Transformation Program of 2024.

154.14-080 GRANT Commission -- Membership -- Meetings -- Staffing.

➔Section 8. Whereas the GRANT program is available for a limited time period and administrative efficiency requires that funding be allocated immediately, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 24, 2025.

CHAPTER 72

(SB 43)

AN ACT relating to identity documents.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 186.444 is amended to read as follows:

(1) ~~[The Transportation Cabinet shall promulgate administrative regulations to establish]~~A medical review board ***shall be established to***~~[. The purpose of the medical review board shall be to]~~ receive cases relating to the ability of an applicant or holder of a motor vehicle operator's license to drive due to physical or mental disability which may affect or limit a person's ability to safely operate a motor vehicle.

(2) The secretary ***of the Transportation Cabinet*** shall appoint any number of physicians ***authorized to practice medicine, osteopaths, optometrists, or advanced practice registered nurses*** licensed in the Commonwealth to the medical review board. ***One (1) member who is licensed in the area relevant to the case***~~[Not less than Three (3) members]~~ shall be present in order to conduct an informal hearing. ***The cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A to establish the amount*** each member shall receive~~[two hundred dollars ($200)]~~ per day for attending meetings of the board***,*** and ***each member*** shall be reimbursed for necessary expenses incurred in attending meetings. ***The board shall use reasonable efforts to minimize the costs to the person whose case is under review.***

(3) The cabinet shall promulgate administrative regulations ***in accordance with KRS Chapter 13A to establish the medical review board forms, which shall include a signed sworn statement affirming that the person has a physical or mental condition that could impair his or her ability to operate a motor vehicle, the medical standards for operators of motor vehicles, and***~~[regarding]~~ the procedures of the medical review board in conducting informal hearings.

(4) A person who is under review pursuant to a medical review board case shall, upon a request in writing, be furnished with a copy of the report alleging that the person has a physical or mental condition that could impair his or her ability to operate a motor vehicle.

(5) If the cabinet decides to take action to restrict a person's driving privileges, it shall:

(a) Provide written notice to the person of the decision to take licensing action; and

(b) Inform the person that the licensing action shall take place unless the person submits to and completes an examination in satisfaction of the medical standards set forth in administrative regulation.

(6) If the person is unable to satisfactorily complete the examination under subsection (5)(b) of this section, the cabinet shall, prior to the decision to take licensing action based on a person's physical or mental condition, consult with appointed members of the medical review board who are licensed in the area relevant to the case.

(7) If the cabinet takes action to restrict a person's driving privileges, the person may request an informal hearing in front of the medical review board.

(8) At any time during the proceeding of a case, a properly submitted report in response to the medical review board from a person's licensed medical professional certifying that, based on the application of the medical review board standards set forth in administrative regulation and the vision standards for vision specialists set forth in KRS 186.577, the person does not have a condition that impairs his or her ability to operate a motor vehicle, may supersede the medical review board and the person may be approved to operate a motor vehicle unless other physical or mental conditions exist.

(9)~~[(4)]~~ The cabinet shall not promulgate administrative regulations for the purpose of creating tests or other criteria that might limit a person's ability to obtain or retain an operator's license because that person may be considered too old to drive.

(10)~~[(5)]~~ Any person aggrieved by a decision made as a result of an informal hearing conducted under authority of KRS 186.411 and this section may appeal, and upon appeal an administrative hearing shall be conducted in accordance with KRS Chapter 13B.

➔Section 2. KRS 186.570 is amended to read as follows:

(1) The cabinet or its agent designated in writing for that purpose may deny any person an operator's license or may suspend the operator's license of any person, or, in the case of a nonresident, withdraw the privilege of

operating a motor vehicle in this state, subject to a hearing and with or without receiving a record of conviction of that person of a crime, if the cabinet has reason to believe that:

(a) That person has committed any offenses for the conviction of which mandatory revocation of a license is provided by KRS 186.560***;***~~[.]~~

(b) That person has, by reckless or unlawful operation of a motor vehicle, caused, or contributed to an accident resulting in death or injury or serious property damage***;***~~[.]~~

(c) That person has a mental or physical disability that makes it unsafe for him ***or her*** to drive upon the highways. The~~[Transportation Cabinet shall, by administrative regulations promulgated pursuant to KRS Chapter 13A, establish a]~~ medical review board ***established in Section 1 of this Act shall***~~[to]~~ provide technical assistance in the review of the driving ability of these persons***;***~~[. The board shall consist of licensed medical and rehabilitation specialists.]~~

(d) That person is ***a***~~[an]~~ habitually reckless or negligent driver of a motor vehicle or has committed a serious violation of the motor vehicle laws***;***~~[.]~~

(e) That person has been issued a license without making proper application for it, as provided in KRS 186.412 or 186.4121 and administrative regulations promulgated ***in accordance with***~~[pursuant to]~~ KRS Chapter 13A***;***~~[.]~~

(f) That person has presented false or misleading information as to the person's residency, citizenship, religious convictions, or immigration status***;***~~[.]~~

(g) A person required by KRS 186.480 to take an examination has been issued a license without first having passed the examination***;***~~[.]~~

(h) That person has been convicted of assault and battery resulting from the operation of a motor vehicle***;***~~[.]~~

(i) That person has failed to appear pursuant to a citation or summons issued by a law enforcement officer of this Commonwealth or any other jurisdiction***;***~~[.]~~

(j) That person has failed to appear pursuant to an order by the court to produce proof of security required by KRS 304.39-010 and a receipt showing that a premium for a minimum policy period of six (6) months has been paid***; or***~~[.]~~

(k) That person is a habitual violator of KRS 304.39-080. For purposes of this section, a "habitual violator" ***means***~~[shall mean]~~ any person who has operated a motor vehicle without security on the motor vehicle as required by Subtitle 39 of ***KRS Chapter 304***~~[this chapter]~~ three (3) or more times within a five (5) year period, in violation of KRS 304.99-060(2).

(2) The cabinet shall deny any person a license or shall suspend the license of an operator of a motor vehicle upon receiving written notification from the Cabinet for Health and Family Services that the person has a child support arrearage which equals or exceeds the cumulative amount which would be owed after six (6) months of nonpayment or failure, after receiving appropriate notice, to comply with a subpoena or warrant relating to paternity or child support proceedings, as provided by 42 U.S.C. ***sec.***~~[secs.]~~ 651 et seq.; except that any child support arrearage which exists prior to January 1, 1994, shall not be included in the calculation to determine whether the license of an operator of a motor vehicle shall be denied or suspended. The denial or suspension shall continue until the arrearage has been eliminated, payments on the child support arrearage are being made in accordance with a court or administrative order, or the person complies with the subpoena or warrant relating to paternity or child support. Before the license may be reinstated, proof of elimination of the child support arrearage or proof of compliance with the subpoena or warrant relating to paternity or child support proceedings as provided by 42 U.S.C. sec. 666(a)(16) from the court where the action is pending or the Cabinet for Health and Family Services shall be received by the Transportation Cabinet as prescribed by administrative regulations promulgated by the Cabinet for Health and Family Services and the Transportation Cabinet.

(3) The cabinet or its agent designated in writing for that purpose shall deny any person an operator's license or shall suspend the operator's license of any person, or, in the case of a nonresident, withdraw the privilege of operating a motor vehicle in this state~~[:~~

~~(a)]~~ where the person has been declared ineligible to operate a motor vehicle under KRS 532.356 for the duration of the ineligibility, upon notification of the court's judgment~~[; or~~

~~(b) Upon receiving written notification from the Finance and Administration Cabinet, Department of Revenue, that the person is a delinquent taxpayer as provided in KRS 131.1817. The denial or suspension shall continue until a written tax clearance has been received by the cabinet from the Finance and Administration Cabinet, Department of Revenue. Notwithstanding the provisions of subsection (4) of this section, a person whose license is denied or suspended under this paragraph shall have thirty (30) days from the date the cabinet mails the notice to request a hearing~~].

(4) The cabinet or its agent designated in writing for that purpose shall provide any person subject to the suspension, revocation, or withdrawal of ***his or her*** ~~[their]~~ driving privileges, under provisions of this section, an informal hearing. Upon determining that the action is warranted, the cabinet shall notify the person in writing by mailing the notice to the person by first-class mail to the last known address of the person. The hearing shall be automatically waived if not requested within twenty (20) days after the cabinet mails the notice. The hearing shall be scheduled as early as practical within twenty (20) days after receipt of the request at a time and place designated by the cabinet. An aggrieved party may appeal a decision rendered as a result of an informal hearing, and upon appeal an administrative hearing shall be conducted in accordance with KRS Chapter 13B.

(5) (a) The cabinet may suspend the operator's license of any resident upon receiving notice of the conviction of that person in another state of an offense there which, if committed in this state, would be grounds for the suspension or revocation of an operator's license. The cabinet shall not suspend an operator's license under this paragraph if:

1. The conviction causing the suspension or revocation is more than five (5) years old;

2. The conviction is for a traffic offense other than a felony traffic offense or a habitual violator offense; and

3. The license holder complies with the provisions of KRS 186.442.

(b) If, at the time of application for an initial Kentucky operator's license, a person's license is suspended or revoked in another state for a conviction that is less than five (5) years old, the cabinet shall deny the person a license until the person resolves the matter in the other state and complies with the provisions of this chapter.

(c) The cabinet may, upon receiving a record of the conviction in this state of a nonresident driver of a motor vehicle of any offense under the motor vehicle laws, forward a notice of that person's conviction to the proper officer in the state of which the convicted person is a resident.

(d) This subsection shall not apply to a commercial driver's license.

(6) The Transportation Cabinet is forbidden from suspending or revoking an operator's license or assessing points or any other form of penalty against the license holder for speeding violations or speeding convictions from other states. This subsection shall apply only to speeding violations. This section shall not apply to a person who holds or is required to hold a commercial driver's license.

(7) Each operator's license which has been canceled, suspended, or revoked shall be surrendered to and destroyed by the cabinet. At the end of the period of cancellation, suspension, or revocation, the license holder may reapply under KRS 186.412 or 186.4121, after the licensee has complied with all requirements for the issuance or reinstatement of his or her driving privilege.

(8) Insurance companies issuing motor vehicle policies in the Commonwealth shall be prohibited from raising a policyholder's rates solely because the policyholder's driving privilege has been suspended or denied pursuant to subsection (2) of this section.

➔Section 3. KRS 131.1817 is amended to read as follows:

(1) As used in this section:

(a) "Attorney's license" means a license issued pursuant to the rules of the Supreme Court of Kentucky authorizing the practice of law in the Commonwealth;

(b) "Delinquent taxpayer" means:

1. A taxpayer with an overdue state tax liability:

a. That is not covered by a current installment payment agreement;

b. For which all protest and appeal rights under the law have expired; and

c. About which the department has contacted the taxpayer; or

2. A taxpayer who:

a. Has not filed a required tax return within ninety (90) days following the due date of the return, or if the due date was extended, within ninety (90) days following the extended due date of the return; and

b. Was contacted by the department about the delinquent return;

(c) ~~["Driver's license" means a license issued by the Transportation Cabinet;~~

~~(d)~~]"License" means any occupational or professional certification, license, registration, or certificate issued by a licensing agency that is required to engage in an occupation, profession, or trade in the Commonwealth, other than a license issued to an attorney; and

(d)~~[(e)]~~ "Licensing agency" means any instrumentality, agency, board, commission, or department established by statute that has the power and authority within the Commonwealth to issue any license, except "licensing agency" ***does***~~[shall]~~ not include the Supreme Count of Kentucky, relating to licenses issued to attorneys to practice law in the Commonwealth.

(2) The department may identify licensing agencies from which it wants to obtain information for the purpose of tax compliance.

(3) Any licensing agency identified by the department shall work with the department to develop a process to provide the department with information about its licensees.

(4) Any delinquent taxpayer who:

(a) Holds a license;

(b) Is an attorney licensed to practice law in the Commonwealth; ***or***

(c) ~~[Holds a driver's license; or~~

~~(d)~~]Owns a motor vehicle registered in the Commonwealth;

may have that license~~[or driver's license]~~ suspended or revoked, and may be denied the ability to register his or her motor vehicle in the Commonwealth as provided in subsection (5) of this section.

(5) (a) To begin the process of revocation of a license, or suspension of the ability to register a motor vehicle, the department shall notify the delinquent taxpayer by certified mail at least twenty (20) days prior to submission of the name of a delinquent taxpayer to the relevant agency that his or her name will be submitted to:

1. The licensing agency, for revocation of a license;

2. The Transportation Cabinet, for~~[revocation of a driver's license or]~~ denial of the ability to register a motor vehicle in the Commonwealth; or

3. The Kentucky Supreme Court, for the revocation of a license to practice law in the Commonwealth.

(b) The notice shall:

1. State the reason for the action;

2. Set forth the amount of any overdue tax liability, including any applicable penalties and interest;

3. Explain any other area of noncompliance that must be satisfied to prevent the submission of the taxpayer's name to the licensing agency as a delinquent taxpayer; and

4. List all licenses or registrations for which revocation will be sought.

(c) After the passage of at least twenty (20) days from the date the notice was sent under paragraph (a) of this subsection, and if the issues identified in the notice were not resolved to the satisfaction of the department, the department may:

1. Submit the name of the delinquent taxpayer to the licensing agency or the Transportation Cabinet; or

2. If the delinquent taxpayer is an attorney licensed to practice law in the Commonwealth, submit the name of the attorney to the Kentucky Supreme Court for appropriate action to enforce Supreme Court Rules.

(d) Upon notification by the department that the licensee or motor vehicle owner is a delinquent taxpayer, the licensing agency~~[or Transportation Cabinet, as the case may be,]~~ shall deny or revoke any license held or applied for by the licensee, and the Transportation Cabinet shall not allow the delinquent taxpayer to register a motor vehicle in the Commonwealth.

(e) Any delinquent taxpayer who has had a license denied or revoked, or who has been denied the ability to register a motor vehicle shall have the right to appeal to the licensing agency or the Transportation Cabinet as authorized by law, provided that appeals shall only be permitted based upon a mistake in facts relied upon by the department, the licensing agency, or the Transportation Cabinet that the licensee or motor vehicle owner is a delinquent taxpayer.

(f) A license that has been denied or revoked under this section shall not be reissued or renewed, and a motor vehicle registration that has been denied under this section shall not be permitted, until a written tax clearance has been received from the department by the licensing agency or the Transportation Cabinet, as the case may be.

(g) The department may promulgate administrative regulations ***in accordance with***~~[under]~~ KRS Chapter 13A to implement the provisions of this section.

➔SECTION 4. A NEW SECTION OF KRS 186.400 TO 186.640 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Identity document" means an operator's license or personal identification card issued under KRS 186.4102, 186.412, 186.4121, 186.4122, or 186.4123; and

(b) "Third-party entity":

1. Means a person or entity, including but not limited to a business entity or nonprofit member association, that has received approval from the cabinet to process identity documents in accordance with this section; and

2. Does not include any governmental entity other than the cabinet.

(2) The Transportation Cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A to establish procedures by which a third-party entity may apply to the cabinet to serve as application processors for identity documents.

(3) A third-party entity that wishes to serve as an application processor for identity documents under this section shall:

(a) Apply to the cabinet and receive cabinet approval;

(b) Agree to comply with all relevant administrative regulations and policies of the cabinet; and

(c) Collect all fees required under KRS 186.531 and transmit them to the cabinet in a timely fashion.

(4) In addition to the fees set forth in KRS 186.531, a third-party entity that processes applications for identity documents under this section may charge a fee for the service provided.

➔Section 5. The Department of Kentucky State Police and the Transportation Cabinet shall report to the Interim Joint Committee on Transportation by October 31, 2025, on the technological and budgetary requirements of expanding access for instructional permit testing and identity document issuance at the local level. The report shall include the following information:

(1) The Department of Kentucky State Police and the Transportation Cabinet shall provide an estimate of budgetary and technology needs to allow for proctored instruction permit testing by third party entities,

(2) The Department of Kentucky State Police shall recommend procedures and requirements to become a test proctor for instruction permit testing;

(3) The Department of Kentucky State Police shall provide an estimate of budget needs to expand driver's skills testing at the three regional offices funded in the 2024 biennial budget, and the potential budget needs if up to four additional offices are funded in the 2026 biennial budget; and

(4) The Transportation Cabinet shall provide an estimate of budget needs to open additional offices in counties with a population of greater than 50,000 that do not currently have a regional licensing office.

Signed by Governor March 24, 2025.

CHAPTER 73

(SB 120)

AN ACT relating to education.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 156.070 is amended to read as follows:

(1) The Kentucky Board of Education shall have the management and control of the common schools and all programs operated in these schools, including interscholastic athletics, the Kentucky School for the Deaf, the Kentucky School for the Blind, and community education programs and services.

(2) The Kentucky Board of Education may designate an organization or agency to manage interscholastic athletics in the common schools, provided that the rules, regulations, and bylaws of any organization or agency so designated shall be approved by the board, and provided further that any administrative hearing conducted by the designated managing organization or agency shall be conducted in accordance with KRS Chapter 13B.

(a) The state board or its designated agency shall assure through promulgation of administrative regulations that if a secondary school sponsors or intends to sponsor an athletic activity or sport that is similar to a sport for which National Collegiate Athletic Association members offer an athletic scholarship, the school shall sponsor the athletic activity or sport for which a scholarship is offered. The administrative regulations shall specify which athletic activities are similar to sports for which National Collegiate Athletic Association members offer scholarships.

(b) Beginning with the 2003-2004 school year, the state board shall require any agency or organization designated by the state board to manage interscholastic athletics to adopt bylaws that establish as members of the agency's or organization's board of control one (1) representative of nonpublic member schools who is elected by the nonpublic school members of the agency or organization from regions one (1) through eight (8) and one (1) representative of nonpublic member schools who is elected by the nonpublic member schools of the agency or organization from regions nine (9) through sixteen (16). The nonpublic school representatives on the board of control shall not be from classification A1 or D1 schools. Following initial election of these nonpublic school representatives to the agency's or organization's board of control, terms of the nonpublic school representatives shall be staggered so that only one (1) nonpublic school member is elected in each even-numbered year.

(c) The state board or any agency designated by the state board to manage interscholastic athletics shall not promulgate rules, administrative regulations, or by laws that prohibit pupils in grades seven (7) to eight (8) from participating in any high school sports except for high school varsity soccer,~~[and]~~ football, ***and boys or coed lacrosse,*** or from participating on more than one (1) school-sponsored team at the same time in the same sport. The Kentucky Board of Education, or an agency designated by the board to manage interscholastic athletics, may promulgate administrative regulations restricting, limiting, or prohibiting participation in high school varsity soccer and football for students who have not successfully completed the eighth grade.

(d) 1. The state board or any agency designated by the state board to manage interscholastic athletics shall allow a member school's team or students to play against students of a nonmember at-home private school, or a team of students from nonmember at-home private schools, if the nonmember at-home private schools and students comply with this subsection.

2. A nonmember at-home private school's team and students shall comply with the rules for student-athletes, including rules concerning:

a. Age;

b. School semesters;

c. Scholarships;

d. Physical exams;

e. Foreign student eligibility; and

f. Amateurs.

3. A coach of a nonmember at-home private school's team shall comply with the rules concerning certification of member school coaches as required by the state board or any agency designated by the state board to manage interscholastic athletics.

4. This subsection shall not allow a nonmember at-home private school's team to participate in a sanctioned:

a. Conference;

b. Conference tournament;

c. District tournament;

d. Regional tournament; or

e. State tournament or event.

5. This subsection does not allow eligibility for a recognition, award, or championship sponsored by the state board or any agency designated by the state board to manage interscholastic athletics.

6. A nonmember at-home private school's team or students may participate in interscholastic athletics permitted, offered, or sponsored by the state board or any agency designated by the state board to manage interscholastic athletics.

(e) ***1.*** Every local board of education shall require an annual medical examination performed and signed by a physician, physician assistant, advanced practice registered nurse, or chiropractor, if performed within the professional's scope of practice, for each student seeking eligibility to participate in any school athletic activity or sport.

2. Any interscholastic athletics participation consent form that is adopted by the Kentucky Board of Education or any organization or agency designated by the state board to manage interscholastic athletics shall include the following information:

a. A student-athlete may report instances of child dependency, neglect, and abuse to any adult;

b. Any person who knows or has reasonable cause to believe that a child is dependent, neglected, or abused shall report that information pursuant to KRS 620.030; and

c. References to instructions on reporting child dependency, neglect, and abuse, including KRS 620.030.

3. The Kentucky Board of Education or any organization or agency designated by the state board to manage interscholastic athletics shall include the following information in any training for administrators and coaches under its jurisdiction:

a. The duty to report instances of child dependency, neglect, and abuse; and

b. Procedures for reporting child dependency, neglect, and abuse under KRS 620.030.

4. The Kentucky Board of Education or any organization or agency designated by the state board to manage interscholastic athletics shall not promulgate administrative regulations or adopt any policies or bylaws that are contrary to the provisions of this paragraph.

(f) Any student who turns nineteen (19) years of age prior to August 1 shall not be eligible for high school athletics in Kentucky. Any student who turns nineteen (19) years of age on or after August 1 shall remain eligible for that school year only. An exception to the provisions of this paragraph shall be made, and the student shall be eligible for high school athletics in Kentucky if the student:

1. Qualified for exceptional children services and had an individual education program developed by an admissions and release committee (ARC) while the student was enrolled in the primary school program;

2. Was retained in the primary school program because of an ARC committee recommendation; and

3. Has not completed four (4) consecutive years or eight (8) consecutive semesters of eligibility following initial promotion from grade eight (8) to grade nine (9).

(g) The state board or any agency designated by the state board to manage interscholastic athletics shall promulgate administrative regulations or bylaws that provide that:

1. A member school shall designate all athletic teams, activities, and sports for students in grades six (6) through twelve (12) as one (1) of the following categories:

a. "Boys";

b. "Coed"; or

c. "Girls";

2. The sex of a student for the purpose of determining eligibility to participate in an athletic activity or sport shall be determined by:

a. A student's biological sex as indicated on the student's original, unedited birth certificate issued at the time of birth; or

b. An affidavit signed and sworn to by the physician, physician assistant, advanced practice registered nurse, or chiropractor that conducted the annual medical examination required by paragraph (e) of this subsection under penalty of perjury establishing the student's biological sex at the time of birth;

3. a. An athletic activity or sport designated as "girls" for students in grades six (6) through twelve (12) shall not be open to members of the male sex.

b. Nothing in this section shall be construed to restrict the eligibility of any student to participate in an athletic activity or sport designated as "boys" or "coed"; and

4. Neither the state board, any agency designated by the state board to manage interscholastic athletics, any school district, nor any member school shall entertain a complaint, open an investigation, or take any other adverse action against a school for maintaining separate interscholastic or intramural athletic teams, activities, or sports for students of the female sex.

(h) 1. The state board or any agency designated by the state board to manage interscholastic athletics shall promulgate administrative regulations that permit a school district to employ or assign nonteaching or noncertified personnel or personnel without postsecondary education credit hours to serve in a coaching position. The administrative regulations shall give preference to the hiring or assignment of certified personnel in coaching positions.

2. A person employed in a coaching position shall be a high school graduate and at least twenty-one (21) years of age and shall submit to a criminal background check in accordance with KRS 160.380.

3. The administrative regulations shall specify post-hire requirements for persons employed in coaching positions.

4. The regulations shall permit a predetermined number of hours of professional development training approved by the state board or its designated agency to be used in lieu of postsecondary education credit hour requirements.

5. A local school board may specify post-hire requirements for personnel employed in coaching positions in addition to those specified in subparagraph 3. of this paragraph.

(i) Unless permitted to be eligible for varsity athletics by any transfer rule, policy, or administrative regulation promulgated by the state board or any agency designated by the state board to manage interscholastic athletics, any student who transfers enrollment from a district of residence to a nonresident district under KRS 157.350(4)(b) after enrolling in grade nine (9) and participating in a

varsity sport shall be ineligible to participate in interscholastic athletics for one (1) calendar year from the date of the transfer. The state board or any agency designated by the state board to manage interscholastic athletics may adopt rules, policies, and bylaws and promulgate administrative regulations necessary to carry out this paragraph.

(j) No member school shall grant a student-athlete the right to use the member school's intellectual property, such as trademarks, school uniforms, and copyrights, in the student's earning of compensation through name, image, and likeness activities. No student-athlete shall use such intellectual property in earning compensation through name, image, and likeness activities. The state board or any agency designated by the state board to manage interscholastic athletics shall promulgate administrative regulations to govern and enforce this paragraph.

(3) (a) The Kentucky Board of Education is hereby authorized to lease from the State Property and Buildings Commission or others, whether public or private, any lands, buildings, structures, installations, and facilities suitable for use in establishing and furthering television and related facilities as an aid or supplement to classroom instruction throughout the Commonwealth and for incidental use in any other proper public functions. The lease may be for any initial term commencing with the date of the lease and ending with the next ensuing June 30, which is the close of the then-current fiscal biennium of the Commonwealth, with exclusive options in favor of the board to renew the same for successive ensuing bienniums, July 1 in each even year to June 30 in the next ensuing even year; and the rentals may be fixed at the sums in each biennium, if renewed, sufficient to enable the State Property and Buildings Commission to pay therefrom the maturing principal of and interest on, and provide reserves for, any revenue bonds which the State Property and Buildings Commission may determine to be necessary and sufficient, in agreement with the board, to provide the cost of acquiring the television and related facilities with appurtenances and costs as may be incident to the issuance of the bonds.

(b) Each option of the Kentucky Board of Education to renew the lease for a succeeding biennial term may be exercised at any time after the adjournment of the session of the General Assembly at which appropriations shall have been made for the operation of the state government for such succeeding biennial term, by notifying the State Property and Buildings Commission in writing, signed by the chief state school officer, and delivered to the secretary of the Finance and Administration Cabinet as a member of the commission. The option shall be deemed automatically exercised, and the lease automatically renewed for the succeeding biennium, effective on the first day thereof, unless a written notice of the board's election not to renew shall have been delivered in the office of the secretary of the Finance and Administration Cabinet before the close of business on the last working day in April immediately preceding the beginning of the succeeding biennium.

(c) The Kentucky Board of Education shall not itself operate leased television facilities, or undertake the preparation of the educational presentations or films to be transmitted thereby, but may enter into one (1) or more contracts to provide therefor, with any public agency and instrumentality of the Commonwealth having, or able to provide, a staff with proper technical qualifications, upon which agency and instrumentality the board, through the chief state school officer and the Department of Education, is represented in such manner as to coordinate matters of curriculum with the curricula prescribed for the public schools of the Commonwealth. Any contract for the operation of the leased television or related facilities may permit limited and special uses of the television or related facilities for other programs in the public interest, subject to the reasonable terms and conditions as the board and the operating agency and instrumentality may agree upon; but any contract shall affirmatively forbid the use of the television or related facilities, at any time or in any manner, in the dissemination of political propaganda or in furtherance of the interest of any political party or candidate for public office, or for commercial advertising. No lease between the board and the State Property and Buildings Commission shall bind the board to pay rentals for more than one (1) fiscal biennium at a time, subject to the aforesaid renewal options. The board may receive and may apply to rental payments under any lease and to the cost of providing for the operation of the television or related facilities not only appropriations which may be made to it from state funds, from time to time, but also contributions, gifts, matching funds, devises, and bequests from any source, whether federal or state, and whether public or private, so long as the same are not conditioned upon any improper use of the television or related facilities in a manner inconsistent with the provisions of this subsection.

(4) The state board may, on the recommendation and with the advice of the chief state school officer, prescribe, print, publish, and distribute at public expense such administrative regulations, courses of study, curriculums, bulletins, programs, outlines, reports, and placards as each deems necessary for the efficient management, control, and operation of the schools and programs under its jurisdiction. All administrative regulations

published or distributed by the board shall be enclosed in a booklet or binder on which the words "informational copy" shall be clearly stamped or printed.

(5) Upon the recommendation of the chief state school officer or his or her designee, the state board shall establish policy or act on all matters relating to programs, services, publications, capital construction and facility renovation, equipment, litigation, contracts, budgets, and all other matters which are the administrative responsibility of the Department of Education.

➔Section 2. KRS 158.195 is amended to read as follows:

(1) (a) ~~[Beginning in the 2019-2020 school year,]~~Local boards shall require each public elementary and secondary school to display the national motto of the United States, "In God We Trust," in a prominent location in the school.

(b) The display required in paragraph (a) of this subsection may take the form of but is not limited to a mounted plaque or student artwork.

(2) ~~[(c)]~~ ***As used in*** ~~[For purposes of]~~ this section, "prominent location" means a school entryway, cafeteria, or common area where students are likely to see ***an item on display*** ~~[the national motto]~~.

(3) ~~[(2)]~~ Local boards may allow any teacher or administrator in a public school district of the Commonwealth to read or post in a public school building, classroom, or event any excerpts or portions of: the national motto; the national anthem; the pledge of allegiance; the preamble to the Kentucky Constitution; the Declaration of Independence; the Mayflower Compact; the writings, speeches, documents, and proclamations of the founding fathers and presidents of the United States; United States Supreme Court decisions; and acts of the United States Congress including the published text of the Congressional Record. There shall be no content-based censorship of American history or heritage in the Commonwealth based on religious references in these writings, documents, and records.

(4) Beginning in the 2025-2026 school year, local boards shall require each public school building that contains instructional space for students in grades six (6) through twelve (12) to conspicuously display in a prominent location, in both English and Spanish, a printed abstract of KRS 339.210 to 339.450, a list of the limited or prohibited occupations for minors, and a notice stating the working hours per day for each day of the week permissible for minors to work. The same information or display shall also be posted on a district or school's website.

Signed by Governor March 24, 2025.

CHAPTER 74

(SB 169)

AN ACT relating to administrative subpoenas.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 500.120 is amended to read as follows:

(1) (a) In any investigation relating to an offense involving KRS 510.155, 530.064(1)(a), 531.030, 531.040, 531.310, 531.320, 531.335, 531.340, 531.350, 531.360, or 531.370, and upon reasonable cause to believe that an internet service ***provider, social networking company, mobile payment service, or cloud storage service*** ~~[account]~~ has been used in the exploitation or attempted exploitation of children, or in any investigation of a violation of KRS 17.546, 508.140, 508.150, 525.070, or 525.080 where there is reasonable cause to believe that an internet service ***provider, social networking company, mobile payment service, or cloud storage service*** ~~[account]~~ has been used in the commission of the offense, the Attorney General may issue in writing and cause to be served a subpoena requiring the production and testimony described in subsection (2) of this section.

(b) In any investigation relating to an offense involving KRS 510.155, 530.064(1)(a), 531.030, 531.040, 531.310, 531.320, 531.335, 531.340, 531.350, 531.360, or 531.370, and upon reasonable cause to believe that an internet service ***provider, social networking company, mobile payment service, or cloud storage service*** ~~[account]~~ has been used in the exploitation or attempted exploitation of children, the

commissioner of the Department of Kentucky State Police may issue in writing and cause to be served a subpoena requiring the production and testimony described in subsection (2) of this section.

(2) Except as provided in subsection (3) of this section, a subpoena issued under this section may require the production of any records or other documentation relevant to the investigation**,** including:

(a) Electronic mail address;

(b) Internet username;

(c) Internet protocol address;

(d) Name of account holder;

(e) Billing and service address;

(f) Telephone number;

(g) Account status;

(h) Method of access to the internet; and

(i) Automatic number identification records if access is by modem.

(3) The ***internet service provider, social networking company, mobile payment service, cloud storage service, or*** provider of electronic communication service or remote computing service shall not disclose the following pursuant to a subpoena issued under this section but shall disclose the information in obedience to a warrant:

(a) In-transit electronic communications;

(b) Account memberships related to internet groups, newsgroups, mailing lists or specific areas of interest;

(c) Account passwords; and

(d) Account content including:

1. Electronic mail in any form;

2. Address books, contacts, or buddy lists;

3. Financial records;

4. Internet proxy content or web surfing history; and

5. Files or other digital documents stored with the account or pursuant to use of the account.

(4) At any time before the return date specified on the subpoena, the person summoned may, in the District Court in which the person resides or does business, petition for an order modifying or setting aside the subpoena, or a prohibition of disclosure by a court.

(5) A subpoena under this section shall describe the objects required to be produced and shall prescribe a return date with a reasonable period of time within which the objects can be assembled and made available.

(6) If no case or proceeding arises from the production of records or other documentation pursuant to this section within a reasonable time after those records or documentation is produced, the Attorney General shall either destroy the records and documentation or return them to the person who produced them.

(7) A subpoena issued under this section may be served by any person who is at least eighteen (18) years of age and who is designated in the subpoena to serve it. Service upon a natural person may be made by personal delivery of the subpoena to him ***or her***. Service may be made upon a corporation or partnership or other unincorporated association which is subject to suit under its common name, by delivering the subpoena to an officer, to a managing or general agent, or to any other agent authorized by appointment or by law to receive service of process. The affidavit of the person serving the subpoena together with a true copy thereof shall be proof of service.

(8) Except as provided in this section any information, records or data reported or obtained pursuant to subpoena under this section shall remain confidential and shall not be further disclosed unless in connection with a criminal case related to the subpoenaed materials.

Signed by Governor March 24, 2025.

CHAPTER 75

(HB 38)

AN ACT relating to orders of protection.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 403.735 is amended to read as follows:

(1) Prior to or at a hearing on a petition for an order of protection:

(a) The court may obtain the respondent's Kentucky criminal and protective order history and utilize that information to assess what relief and which sanctions may protect against danger to the petitioner or other person for whom protection is being sought, with the information so obtained being provided to the parties in accordance with the ***Kentucky*** Rules of Civil Procedure; and

(b) If the petitioner or respondent is a minor, the court shall inquire whether the parties attend school in the same school system to assist the court in imposing conditions in the order that have the least disruption in the administration of education to the parties while providing appropriate protection to the petitioner.

(2) (a) If the adverse party is not present at the hearing ordered pursuant to KRS 403.730 and has not been served, a previously issued emergency protective order shall remain in place, and the court shall direct the issuance of a new summons for a hearing set not more than fourteen (14) days in the future. If service has not been made on the adverse party before that hearing or a subsequent hearing, the emergency protective order shall remain in place, and the court shall continue the hearing and issue a new summons with a new date and time for the hearing to occur, which shall be within fourteen (14) days of the originally scheduled date for the continued hearing. The court shall repeat the process of continuing the hearing and reissuing a new summons until the adverse party is served in advance of the scheduled hearing. If service has not been made on the respondent at least seventy-two (72) hours prior to the scheduled hearing, the court may continue the hearing no more than fourteen (14) days in the future. In issuing the summons, the court shall simultaneously transmit a copy of the summons or notice of its issuance and provisions to the petitioner***. Upon the request of the petitioner, the court may excuse the petitioner from future court appearances until the respondent has been served***.

(b) The provisions of this section permitting the continuance of an emergency protective order shall be limited to six (6) months from the issuance of the emergency protective order. If the respondent has not been served within that period, the order shall be rescinded without prejudice. Prior to the expiration of the emergency protective order, the court shall provide notice to the petitioner stating that, if the petitioner does not file a new petition, the order shall be rescinded without prejudice.

➔Section 2. KRS 403.763 is amended to read as follows:

(1) Violation of the terms or conditions of an order of protection after the person has been served or given notice of the order shall constitute contempt of court and a criminal offense under this section. Once a criminal or contempt proceeding has been initiated, the other shall not be undertaken regardless of the outcome of the original proceeding.

(2) (a) Court proceedings for contempt of court for violation of an order of protection shall be held in the county where the order was issued or filed.

(b) Court proceedings for a criminal violation of an order of protection shall follow the rules of venue applicable to criminal cases generally.

(3) Nothing in this section shall preclude the Commonwealth from prosecuting and convicting the respondent of criminal offenses other than violation of an order of protection.

(4) (a) A person is guilty of a violation of an order of protection when he or she intentionally violates the provisions of an order of protection after the person has been served or given notice of the order.

(b) Violation of an order of protection is a Class A misdemeanor***, unless the person who stands convicted of a violation under this subsection has been convicted of two (2) or more previous violations of orders of protection under this subsection, subsection (4)(a) of Section 4 of this Act, or KRS 508.155***

or 510.037 within the last five (5) years, in which case it is a Class D felony if the third or subsequent violation involves the:

1. Use or attempted use of physical force; or

2. Threat of physical harm.

The protected person in the third or subsequent violation is not required to be the same protected person in the previous violations. The five (5) year period shall be measured from the dates on which the offenses occurred for which the judgments of conviction were entered.

➔Section 3. KRS 456.050 is amended to read as follows:

(1) Prior to or at a hearing on a petition for an interpersonal protective order:

(a) The court may obtain the respondent's Kentucky criminal and protective order history and utilize that information to assess what relief and which sanctions may protect against danger to the petitioner or other person for whom protection is being sought, with the information so obtained being provided to the parties in accordance with the ***Kentucky*** Rules of Civil Procedure; and

(b) If the petitioner or respondent is a minor, the court shall inquire whether the parties attend school in the same school system to assist the court in imposing conditions in the order that have the least disruption in the administration of education to the parties while providing appropriate protection to the petitioner.

(2) (a) If the adverse party is not present at the hearing ordered pursuant to KRS 456.040 and has not been served, a previously issued temporary interpersonal protective order shall remain in place, and the court shall direct the issuance of a new summons for a hearing set not more than fourteen (14) days in the future. If service has not been made on the adverse party before that hearing or a subsequent hearing, the temporary interpersonal protective order shall remain in place, and the court shall continue the hearing and issue a new summons with a new date and time for the hearing to occur, which shall be within fourteen (14) days of the originally scheduled date for the continued hearing. The court shall repeat the process of continuing the hearing and reissuing a new summons until the adverse party is served in advance of the scheduled hearing. If service has not been made on the respondent at least seventy-two (72) hours prior to the scheduled hearing, the court may continue the hearing no more than fourteen (14) days in the future. In issuing the summons, the court shall simultaneously transmit a copy of the summons or notice of its issuance and provisions to the petitioner***. Upon the request of the petitioner, the court may excuse the petitioner from future court appearances until the respondent has been served.***

(b) The provisions of this section permitting the continuance of an interpersonal protective order shall be limited to six (6) months from the issuance of the temporary interpersonal protective order. If the respondent has not been served within that period, the order shall be rescinded without prejudice. Prior to the expiration of the temporary interpersonal protective order, the court shall provide notice to the petitioner stating that, if the petitioner does not file a new petition, the order shall be rescinded without prejudice.

➔Section 4. KRS 456.180 is amended to read as follows:

(1) Violation of the terms or conditions of an order of protection after the person has been served or given notice of the order shall constitute contempt of court and a criminal offense under this section. Once a criminal or contempt proceeding has been initiated, the other shall not be undertaken regardless of the outcome of the original proceeding.

(2) (a) Court proceedings for contempt of court for violation of an order of protection shall be held in the county where the order was issued or filed.

(b) Court proceedings for a criminal violation of an order of protection shall follow the rules of venue applicable to criminal cases generally.

(3) Nothing in this section shall preclude the Commonwealth from prosecuting and convicting the respondent of criminal offenses other than violation of an order of protection.

(4) (a) A person is guilty of a violation of an order of protection when he or she intentionally violates the provisions of an interpersonal protective order after the person has been served or given notice of the order.

(b) Violation of an order of protection is a Class A misdemeanor***, unless the person who stands convicted of a violation under this subsection has been convicted of two (2) or more previous violations of orders of protection under this subsection, subsection (4)(a) of Section 2 of this Act, or KRS 508.155 or 510.037 within the last five (5) years, in which case it is a Class D felony if the third or subsequent violation involves the:***

1. Use or attempted use of physical force; or

2. Threat of physical harm.

The protected person in the third or subsequent violation is not required to be the same protected person in the previous violations. The five (5) year period shall be measured from the dates on which the offenses occurred for which the judgments of conviction were entered.

Signed by Governor March 24, 2025.

CHAPTER 76

(HB 30)

AN ACT relating to public employee benefits.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 61.598 is amended to read as follows:

(1) For purposes of this section, "bona fide promotion or career advancement":

(a) Means***:***

1. A professional advancement in substantially the same line of work held by the employee in the four (4) years immediately prior to the final five (5) fiscal years preceding retirement or a change in employment position based on the training, skills, education, or expertise of the employee that imposes a significant change in job duties and responsibilities to clearly justify the increased compensation to the member; ***or***

2. An increase 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; and

(b) Does not include any circumstance where an elected official participating in the Kentucky Employees Retirement System or the County Employees Retirement System takes a position of employment with a different employer participating in any of the state-administered retirement systems.

(2) (a) For employees retiring from the Kentucky Employees Retirement System, the County Employees Retirement System, or the State Police Retirement System on or after January 1, 2018, the systems shall, for each of the retiring employee's last five (5) fiscal years of employment, identify any fiscal year in which the creditable compensation increased at a rate of ten percent (10%) or more annually over the immediately preceding fiscal year's creditable compensation. The employee's creditable compensation in the fiscal year immediately prior to the employee's last five (5) fiscal years of employment shall be utilized to compare the initial fiscal year in the five (5) fiscal year period.

(b) Except as limited or excluded by subsections (3) and (4) of this section, any amount of increase in creditable compensation for a fiscal year identified under paragraph (a) of this subsection that exceeds ten percent (10%) more than the employee's creditable compensation from the immediately preceding fiscal year shall not be included in the creditable compensation used to calculate the retiring employee's monthly retirement allowance. If the creditable compensation for a specific fiscal year identified under paragraph (a) of this subsection as exceeding the ten percent (10%) increase limitation is not used to calculate the retiring employee's monthly retirement allowance, then no reduction in creditable compensation shall occur for that fiscal year.

(c) If the creditable compensation of the retiring employee is reduced as provided by paragraph (b) of this subsection, the retirement systems:

1. Shall refund the employee contributions and interest attributable to the reduction in creditable compensation; and

2. Shall not refund the employer contributions paid but shall utilize those funds to pay down the unfunded liability of the pension fund in which the retiring employee participated.

(3) (a) In order to ensure the prospective application of the limitations on increases in creditable compensation contained in subsection (2) of this section, only the creditable compensation earned by the retiring employee on or after July 1, 2017, shall be subject to reduction under subsection (2) of this section. Creditable compensation earned by the retiring employee prior to July 1, 2017, shall not be subject to reduction under subsection (2) of this section.

(b) If the reductions in creditable compensation during a retiring member's entire last five (5) years of employment results in a reduction in his or her monthly retirement allowance of less than twenty-five dollars ($25) per month or an actuarially equivalent value under the various payment options, then no reduction in creditable compensation or retirement allowances shall occur under subsection (2) of this section.

(4) Subsection (2) of this section shall not apply to:

(a) A bona fide promotion or career advancement as defined by subsection (1) of this section;

(b) A lump-sum payment for compensatory time paid to an employee upon termination of employment;

(c) A lump-sum payment made pursuant to an alternate sick leave program under KRS 78.616(5) that is paid to an employee upon termination of employment;

(d) Increases in creditable compensation in a fiscal year over the immediately preceding fiscal year, where in the immediately preceding fiscal year the employer reported the employee as being on leave without pay for any reason, including but not limited to sick leave without pay, maternity leave, leave authorized under the Family Medical Leave Act, and any period of time where the employee received workers' compensation benefit payments that were not reported to the plan as creditable compensation;

(e) Increases in creditable compensation directly attributable to an employee's receipt of compensation for:

1. Overtime hours worked while serving as a participating employee under any state or federal grant, grant pass-through, or similar program that requires overtime as a condition or necessity of the employer's receipt of the grant; or

2. The first one hundred (100) hours of mandatory overtime hours that the employee is individually required to work by the employer during a fiscal year. This subparagraph shall not be construed to apply to overtime hours voluntarily worked by the employee or in situations in which the employee has the option to elect out of participation in overtime hours. Any mandatory overtime hours exempt under this subparagraph shall be in addition to any overtime hours otherwise exempt under the provisions of this subsection; and

(f) Increases in creditable compensation directly attributable to an employee's receipt of compensation for overtime performed during and as a result of a state of emergency declared by:

1. The President of the United States or the Governor of the Commonwealth of Kentucky; or

2. A local government in which the Governor authorizes mobilization of the Kentucky National Guard pursuant to KRS 38.030 and 39A.950 during such time as the National Guard is mobilized.

(5) (a) For employees retiring on or after January 1, 2014, but prior to July 1, 2017, the last participating employer shall be required to pay for any additional actuarial costs resulting from annual increases in an employee's creditable compensation greater than ten percent (10%) over the employee's last five (5) fiscal years of employment that are not the direct result of a bona fide promotion or career advancement. The cost shall be determined by the retirement systems.

(b) Lump-sum payments for compensatory time paid to an employee upon termination of employment shall be exempt from this subsection.

(c) The Authority shall be required to answer inquiries from participating employers regarding this subsection. Upon request of the employer prior to the employee's change of position or hiring, the systems shall make a determination that is binding to the systems as to whether or not a change of position or hiring constitutes a bona fide promotion or career advancement.

(d) For any additional actuarial costs charged to the employer under this subsection, the systems shall allow the employer to pay the costs without interest over a period of one (1) year from the date of receipt of the employer's final invoice.

(6) The Authority shall determine whether increases in creditable compensation during the last five (5) fiscal years of employment prior to retirement constitute a bona fide promotion or career advancement and may promulgate administrative regulations in accordance with KRS Chapter 13A to administer this section. All state-administered retirement systems shall cooperate to implement this section.

(7) Any employer who disagrees with a determination made by the system in accordance with this section regarding whether an increase in compensation constitutes a bona fide promotion or career advancement for purposes of subsection (5) of this section may request a hearing and appeal the decision in accordance with KRS 61.645(16) or 78.782(16).

(8) For the fiscal year beginning July 1, 2017, and subsequent years, the Kentucky Retirement Systems and the County Employees Retirement System shall provide a means for employers to separately report the specific exceptions provided in subsection (4) of this section within the reporting system utilized by the employers for making employer reports under KRS 16.645, 61.675, and 78.545. The Kentucky Retirement Systems and the County Employees Retirement System shall continually provide communication, instructions, training, and educational opportunities for employers regarding how to appropriately report exemptions established by subsection (4) of this section.

(9) This section shall not apply to employees participating in the hybrid cash balance plan as provided by KRS 16.583, 61.597, 78.5512, and 78.5516.

➔Section 2. KRS 16.198 is amended to read as follows:

The appointment, salary, benefits, and number of individuals employed as a Trooper R Class and CVE R class shall be as follows:

(1) The commissioner may appoint CVE R Class employees. CVE R Class employees shall serve on a contractual basis for a term of one (1) year, and the contract may be renewed annually, by agreement of the parties, for no more than nine (9) additional one (1) year terms. A CVE R Class employee shall be required to pass a physical fitness test every three (3) years.

(2) The commissioner may appoint Trooper R Class employees who shall serve on a contractual basis for a term of one (1) year. The contract may be renewed on an annual basis upon the agreement of both parties. A Trooper R Class employee shall be required to pass a physical fitness test every three (3) years.

(3) The compensation for Trooper R Class employees and CVE R Class employees shall be established by administrative regulation promulgated pursuant to KRS Chapter 13A.

(4) (a) All appointments of individuals employed as a Trooper R Class and CVE R Class shall be based upon agency need as determined by the commissioner.

(b) Work stations for individuals employed as a Trooper R Class and CVE R Class shall be determined by agency need with consideration given to the applicant's stated preference.

(c) Merit of individuals employed as a Trooper R Class and CVE R Class shall be determined by the applicant's work performance history.

(d) Fitness of individuals employed as a Trooper R Class and CVE R Class shall be determined by the applicant's ability to adhere to the agency standards set by the commissioner under this chapter.

(5) The number of individuals employed as a Trooper R Class and CVE R Class by the department shall not:

(a) Exceed one hundred (100); or

(b) Be counted in the total employee cap for the department.

(6) All individuals employed as a Trooper R Class and CVE R Class shall be assigned the job duties of trooper or commercial vehicle enforcement officer and shall not be placed in any supervisory positions.

(7) Notwithstanding any provision of KRS 16.505 to 16.652, KRS 18A.005 to 18A.228, and KRS 61.510 to 61.705 to the contrary:

(a) Individuals employed as a Trooper R Class and CVE R Class shall continue to receive all retirement and health insurance benefits provided by the systems administered by Kentucky Retirement Systems to which they were entitled upon retiring from the department as a commissioned officer under this chapter;

(b) Individuals employed as a Trooper R Class and CVE R Class shall not be eligible to receive health insurance coverage or benefits through the department and shall not be eligible to participate in the State Police Retirement System or the Kentucky Employees Retirement System; and

(c) The department shall not pay health insurance contributions to the state health insurance plan for individuals employed as a Trooper R Class or CVE R Class.

(8) The department shall promulgate administrative regulations, pursuant to KRS Chapter 13A, to establish vacation, bereavement, and sick leave***, for Trooper R Class and CVE R Class employees, at the same level as an officer with less than five (5) years of service,*** and holiday pay for Trooper R Class and CVE R Class employees.

(9) Individuals employed as a Trooper R Class or CVE R Class shall be employed on a contractual basis and shall be provided due process pursuant to KRS 16.140 or 16.192 for any disciplinary action imposed by the commissioner. A decision by the commissioner to not renew a contract shall not be considered a disciplinary action for purposes of this section.

(10) The provisions of this section shall not eliminate or reduce any requirements under KRS 61.637 for the department to pay employer contributions to the retirement systems or to reimburse the retirement systems for the cost of retiree health, on any individual employed as a Trooper R Class or CVE R Class.

Signed by Governor March 24, 2025.

CHAPTER 77

(HB 682)

AN ACT relating to utility relocation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 177.035 is amended to read as follows:

(1) ***(a)*** If the department determines that it is necessary for any fireplugs, pipes, mains, conduits, cables, wires, towers, poles, and other equipment and appliances, belonging to any municipality or a municipally owned utility, or any water district established pursuant to KRS Chapter 74, any water association established pursuant to KRS Chapter 273, any local school district, or any sanitation district established pursuant to KRS Chapter 220, to be removed or relocated on, along, over, or under a highway, in order to construct, reconstruct, relocate, or improve any highway, the municipality, municipally owned utility, water district, local school district, or the sanitation district shall relocate or remove them in accordance with the order of the department.

(b) The costs and expenses of relocation or removal required by this section, including the costs of installing facilities in a new location, and the cost of any lands, or any rights or interest in lands, and any other rights, acquired to accomplish the relocation or removal, shall be ascertained and paid by the department as a part of the cost of improving or constructing highways.

(2) The term "utility" as used in subsections (3) to (5) of this section ***means:*** ~~[shall mean]~~

(a) Any utility not referenced in subsection (1) of this section***;*** ~~[, and the term shall mean]~~

(b) Any utility as defined in KRS 278.010***; and***

(c) ***Cable operators and broadband providers***.

(3) If a utility has facilities located within the public right-of-way~~[pursuant to KRS 416.140]~~, the department may reimburse the utility the cost to relocate the utility's facilities to a location either within or without the public right-of-way if the relocation is required due to a highway construction project, subject to the following conditions:

(a) The utility shall be required to submit to the department for the department's approval a plan for relocating the utility's facilities. The plan shall include:

1. A proposal for the relocation, including plans and a cost estimate developed in accordance with department guidelines; and

2. A reasonable schedule of calendar days for completing the relocation that has been agreed to by the department. If, due to circumstances beyond the utility's control, the utility or the department cannot meet the specified completion date included in the plan, the department may grant an extension to the utility for a time period agreed upon by both parties; and

(b) The utility shall be required to have either:

1. Entered into a written agreement with the department to include the relocation of the facilities as part of the department's construction contract. The utility may, with the approval of the department, perform a portion of the relocation work under this subparagraph with contractors or employees of the utility; or

2. Entered into a written agreement with the department for the utility to remove all of its facilities that conflict with the highway construction project, as determined by the department, prior to letting the construction contract. The utility may perform a portion or all of the relocation work under this subparagraph with contractors or employees of the utility.

(4) A utility that enters into an agreement with the department under subsection (3)(b) of this section shall be required to complete the relocation work in compliance with the schedule included in the plan required to be submitted under subsection (3)(a) of this section. The provisions of this subsection shall not apply if the department fails to undertake the highway construction project within the time period specified in the agreement, and in this instance, the department shall be required to reimburse the utility any allowable cost the utility has incurred to relocate its facilities in compliance with the plan approved by the department.

(5) The department shall reimburse a utility as authorized in subsection (3) of this section if the department is satisfied that the utility's facilities have been relocated in conformance with the plan approved by the department. The utility shall have twelve (12) months from the completion date of the relocation, according to the schedule of calendar days, to submit a reimbursement request for relocation costs to the department.

(6) The provisions of this section shall not amend or affect in any way the provisions of KRS 179.265.

Signed by Governor March 24, 2025.

CHAPTER 78

(SB 100)

AN ACT relating to tobacco, nicotine, or vapor product licensure.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 438.305 is amended to read as follows:

As used in KRS 438.305 to ***438.350***~~[438.340]~~, unless the context requires otherwise:

(1) (a) "Alternative nicotine product" means a noncombustible product containing nicotine that is intended for human consumption, whether chewed, absorbed, dissolved, or ingested by any other means.

(b) "Alternative nicotine product" does not include any product regulated as a drug or device by the United States Food and Drug Administration under Chapter V of the Food, Drug, and Cosmetic Act;

(2) "Authorized ***nicotine*** vapor product" means a vapor product~~[containing nicotine]~~ for which the manufacturer~~[has obtained]~~:

(a) ***Has obtained*** authorization from the FDA;~~[or]~~

(b) ***Timely pursued a path to market for a nicotine product containing tobacco-derived nicotine that was commercially marketed in the United States as of August 8, 2016, for which the manufacturer submitted a premarket tobacco product application on or before September 9, 2020, to the FDA, that:***

1. Remains under review, but has not received either a marketing denial order or a marketing granted order; or

2. Has received a marketing denial order, but remains under a stay by the FDA or continues to be subject to an appeal to the FDA or review by a court of competent jurisdiction~~[A safe harbor certification]~~; ***or***

(c) Has obtained a marketing denial order that has been rescinded by the FDA or vacated by a court of competent jurisdiction;

(3) "Commissioner" means the commissioner of the Department of Alcoholic Beverage Control;

(4) "Contraband property" means any article, item, or property, except real property, that is used or intended to be used in violation of KRS 438.305 to 438.350;

(5)~~[(3)]~~ "Department" means the Department of Alcoholic Beverage Control;

(6) "Distributor" or "wholesaler" means any person who distributes alternative nicotine products, tobacco products, or authorized nicotine vapor products for the purpose of being sold at retail;

(7)~~[(4)]~~ "FDA" means the United States Food and Drug Administration;

(8) "Investigator" means any employee of the department who is a certified peace officer;

(9)~~[(5)]~~ "Manufacturer" means any person who manufactures or produces tobacco products within or without this Commonwealth;

(10)~~[(6)]~~ "Nonresident wholesaler" means any person who purchases cigarettes or other tobacco products directly from the manufacturer and maintains a permanent location or locations outside this state at which Kentucky cigarette tax evidence is attached or from which Kentucky cigarette tax is reported and paid;

(11) "Premises" means the land and building upon which any business operating under KRS 438.305 to 438.350 is operated;

(12)~~[(7)]~~ "Proof of age" means a driver's license or other documentary or written evidence of an individual's age;

(13)~~[(8)]~~ "Resident wholesaler" means any person who purchases at least seventy-five percent (75%) of all cigarettes or other tobacco products purchased by that person directly from the cigarette manufacturer on which the cigarette tax provided for in KRS 138.130 to 138.205 is unpaid, and who maintains an established place of business in this state at which the person attaches cigarette tax evidence or receives untaxed cigarettes;

(14)~~[(9)]~~ "Retailer" means any person~~[, online or in person,]~~ who sells tobacco products, alternative nicotine products, or vapor products to a consumer for any purpose other than resale;

(15)~~[(10) "Safe harbor certification":~~

~~(a) Means a certification provided by a manufacturer establishing that a vapor product:~~

~~1. Falls within a safe harbor established by the FDA by the manufacturer's timely pursuing the path to market described in subparagraph 2. of this paragraph; and~~

~~2. Is a nicotine product containing tobacco-derived nicotine that Was commercially marketed in the United States as of August 8, 2016, for which the manufacturer submitted a premarket tobacco product application on or before September 9, 2020, to the FDA that:~~

~~a. Remains under review, but has not received either a marketing denial order or a marketing granted order;~~

~~b. Has received a marketing denial order, but remains under a stay by the FDA or continues to be subject to an appeal to or review by a court of competent jurisdiction; or~~

~~c. Has had a marketing denial order that has been rescinded by the FDA or vacated by a court of competent jurisdiction;~~

~~(b) Shall contain a copy of the first page of the communication from the FDA reflecting an acceptance for review or the submission tracking number or, if on appeal, a copy of the first page of the document filed with the applicable agency or court; and~~

~~(c) May be provided and maintained in hard copy or in electronic form;~~

~~(11)~~] "Sample" means a tobacco product, alternative nicotine product, or vapor product distributed to members of the general public at no cost;

(16)[~~(12)~~] "Subjobber" means any person who purchases tobacco products, on which the Kentucky cigarette tax has been paid, from a wholesaler licensed pursuant to KRS 138.195, and makes them available to a retail establishment for resale;[

~~(13) "Tobacco noncompliance database and reporting system" means the database of retailers that have violated KRS 438.312 or 438.316 developed and maintained by the department under KRS 438.307;~~]

(17)[~~(14)~~] (a) "Tobacco product" means any cigarette, cigar, snuff, smokeless tobacco product, smoking tobacco, chewing tobacco, and any kind or form of tobacco prepared in a manner suitable for chewing or smoking, or both, or any kind or form of tobacco that is suitable to be placed in a person's mouth. "Tobacco product" also means any product made or derived from tobacco that is intended for human consumption, including any component, part, or accessory of a tobacco product, except for raw materials other than tobacco used in manufacturing any component, part, or accessory of a tobacco product, in accordance with the federal Tobacco Control Act, Pub. L. No. 111-31.

(b) "Tobacco product" does not include any alternative nicotine product, vapor product, or product regulated as a drug or device by the United States Food and Drug Administration under Chapter V of the Food, Drug, and Cosmetic Act;[

~~(15) "Unauthorized vapor product":~~

~~(a) Means any vapor product that has not been authorized by the FDA; and~~

~~(b) Does not include a vapor product for which the manufacturer has received:~~

~~1. A marketing granted order or other authorization to market from the FDA; or~~

~~2. A safe harbor certification;~~] and

(18)[~~(16)~~] (a) "Vapor product" means any noncombustible product that employs a heating element, battery, power source, electronic circuit, or other electronic, chemical, or mechanical means, regardless of shape or size and including the component parts and accessories thereto, that can be used to deliver vaporized nicotine or other substances to users inhaling from the device. "Vapor product" includes but is not limited to any device deemed to be an electronic nicotine delivery system by the United States Food and Drug Administration, any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device and every variation thereof, regardless of whether marketed as such, and any vapor cartridge or other container of a liquid solution or other material that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or other similar product or device.

(b) "Vapor product" does not include any product regulated as a drug or device by***:***

1. The United States Food and Drug Administration under Chapter V of the Food, Drug, and Cosmetic Act***; and***

2. KRS Chapter 218A.

➔SECTION 2. A NEW SECTION OF KRS 438.305 TO 438.350 IS CREATED TO READ AS FOLLOWS:

(1) (a) The Division of Tobacco, Nicotine, and Vapor Product Licensing is hereby created and established within the Department of Alcoholic Beverage Control.

(b) The Division of Tobacco, Nicotine, and Vapor Product Licensing shall be managed by a division director, whose appointment shall be subject to KRS 12.050.

(2) The Division of Tobacco, Nicotine, and Vapor Product Licensing shall carry out enforcement provisions of KRS 438.305 to 438.350 as they relate to the regulation of alternative nicotine products, tobacco products, and vapor products, including promulgating administrative regulations that govern the sale and distribution of alternative nicotine products, tobacco products, and vapor products.

➔SECTION 3. A NEW SECTION OF KRS 438.305 TO 438.350 IS CREATED TO READ AS FOLLOWS:

Department investigators may inspect any licensed premises without first obtaining a search warrant. They may confiscate any contraband property.

➔SECTION 4. A NEW SECTION OF KRS 438.305 TO 438.350 IS CREATED TO READ AS FOLLOWS:

(1) A person, firm, or corporation shall not operate as a retailer selling alternative nicotine products, tobacco products, or authorized nicotine vapor products in or on any premises in the Commonwealth without first obtaining a tobacco, nicotine, or vapor product license issued by the department.

(2) Any person who, by himself or herself or through another, directly or indirectly, violates subsection (1) of this section shall be subject to the penalties in KRS 243.990(2).

➔SECTION 5. A NEW SECTION OF KRS 438.305 TO 438.350 IS CREATED TO READ AS FOLLOWS:

(1) Each application for a tobacco, nicotine, or vapor product license shall be made in a form prescribed by the department, accompanied with a nonrefundable application fee of fifty dollars ($50) and any supporting documentation required by the department. The application fee shall be applied to the licensing fee if the license is issued. If no license is issued, the application fee shall be retained by the department.

(2) A tobacco, nicotine, or vapor product license shall:

(a) Be renewed annually;

(b) Remain in full force and effect for one (1) year from the date of issuance unless it is surrendered by the licensee, suspended, or revoked; and

(c) Be posted in a conspicuous place in the premises of the business where alternative nicotine products, tobacco products, or authorized nicotine vapor products are sold.

(3) A retailer with a license issued by the department and operating under KRS Chapter 243 may initiate the application process to obtain a tobacco, nicotine, or vapor product license on the date of its next renewal.

(4) (a) The fee for a tobacco, nicotine, or vapor product license shall be five hundred dollars ($500) per year for each licensed premises and the fee shall be made payable to the State Treasury.

(b) All of the fees paid into the State Treasury for state licenses shall be credited to a revolving trust and agency account as provided in Section 19 of this Act for the department.

(5) The tobacco, nicotine, or vapor product license shall not be transferred from one (1) person to another or from one (1) premises to another premises.

(6) A new tobacco, nicotine, or vapor product license shall be required when a retailer has a change in ownership.

➔SECTION 6. A NEW SECTION OF KRS 438.305 TO 438.350 IS CREATED TO READ AS FOLLOWS:

(1) A transitional license may be issued by the commissioner during the time a transfer of an ongoing business is being processed under the following conditions:

(a) The purchaser shall file an application for a permanent license pursuant to Section 5 of this Act with the department;

(b) 1. The purchaser shall, before applying for a license, advertise by publication its intention to apply for a license in a newspaper, online, or in print, in the county or city in which the retail establishment is located.

2. The department shall prescribe the form and content of the advertisement by promulgation of administrative regulations in accordance with KRS Chapter 13A.

3. The advertisement shall contain the following statement: "Any person may protest the approval of the license by writing the Department of Alcoholic Beverage Control within thirty (30) days of the date of legal publication."

4. Any protest received after the thirty (30) day period shall be considered expired and shall not be considered a valid legal protest by the department; and

(c) The purchaser shall pay all application and licensing fees for the permanent license established under Section 5 of this Act.

(2) If the requirements in subsection (1) of this section are met, the commissioner may issue a transitional license with a term of up to sixty (60) days, plus one (1) thirty (30) day renewal license, to the purchaser for a nonrefundable processing fee of sixty dollars ($60). All transitional licenses immediately expire upon the issuance to the purchaser of one (1) or more permanent licenses.

(3) Upon completion of the sale of the business, the purchaser shall not operate the business on the previous retailer's license.

(4) The transitional license shall not be transferable or used for an application to move a business from one (1) location to another location.

(5) The transitional license shall entitle the holder to the same privileges and restrictions of the permanent license or licenses for which the holder applied under subsection (1)(a) of this section.

➔SECTION 7. A NEW SECTION OF KRS 438.305 TO 438.350 IS CREATED TO READ AS FOLLOWS:

(1) The commissioner shall approve or deny every application for a tobacco, nicotine, or vapor product license.

(2) If the application is denied, the:

(a) License shall not be issued;

(b) Applicant shall be notified of the commissioner's denial which shall include the reason for the denial; and

(c) Applicant may, within thirty (30) days, appeal the denial and request an administrative hearing on the matter in accordance with KRS Chapter 13B.

(3) (a) If the commissioner revokes a license pursuant to Section 8 of this Act, the commissioner shall:

1. Notify the applicant within ten (10) days of the decision to revoke the license; and

2. Upon the request of a denied licensee, commence a hearing on the license revocation in accordance with KRS Chapter 13B.

(b) Revocation of a license subject to KRS 438.305 to 438.350 for any reason shall result in the inability of a retailer to reapply for a license for two (2) years.

(c) 1. A final order of the commissioner shall be appealable to the Franklin Circuit Court.

2. The licensee may, within thirty (30) days, appeal the final order and request an administrative hearing on the matter in accordance with KRS Chapter 13B.

➔SECTION 8. A NEW SECTION OF KRS 438.305 TO 438.350 IS CREATED TO READ AS FOLLOWS:

A license may be revoked or suspended by the commissioner for a violation of:

(1) Any of the provisions of KRS 438.305 to 438.350;

(2) Any administrative regulation of the department relating to the regulation of the manufacture, sale, and transportation of alternative nicotine products, tobacco products, or vapor products;

(3) Any administrative regulation of the Department of Revenue relating to the taxation of alternative nicotine products, tobacco products, or vapor products;

(4) Any act of Congress or any rule or regulation of any federal board, agency, or commission;

(5) Any of the laws, regulations, or ordinances referred to in this section when an agent, servant, or employee of the licensee committed the violation, irrespective of whether the licensee knew of or permitted the violation or whether the violation was committed in disobedience of the licensee's instructions;

(6) Any cause which the department in the exercise of its sound discretion deems sufficient; or

(7) Any of the reasons for which the commissioner would have been required to deny a license if existing material facts had been known.

➔Section 9. KRS 438.308 is amended to read as follows:

(1) A manufacturer of ***nicotine*** vapor products shall***:***

(a) Only sell authorized ***nicotine*** vapor products***;***

(b) Provide information necessary to establish its product meets the definition of an authorized nicotine vapor product as defined in Section 1 of this Act directly to a wholesaler or retailer distributing or selling the manufacturer's product in accordance with paragraph (d) of this subsection;

(c) Comply with paragraph (b) of this subsection by providing:

1. Proof of authorization by the FDA;

2. A copy of the first page of the communication from the FDA reflecting an acceptance for review or the submission tracking number; or

3. If an appeal is pending, a copy of the first page of the document filed with the applicable agency or court;

which may be provided and maintained in hard copy or electronic form; and

(d) Provide the information from paragraph (b) of this subsection directly to a:

1. Kentucky-licensed wholesaler that the manufacturer is utilizing to distribute its product; or

2. Retailer if the manufacturer is not utilizing a Kentucky-licensed wholesaler to distribute its product.

~~[(2) A manufacturer shall provide an applicable safe harbor certification to a wholesaler or retailer when selling a vapor product that has not been authorized by the FDA.]~~

(2) ~~[(3)]~~ If the FDA or a court of competent jurisdiction takes final action that removes ***an authorized nicotine*** ~~[a]~~ vapor product from ***the market*** ~~[safe harbor certification or authorized to market status]~~, the manufacturer shall provide notice of the final action to any wholesaler or retailer that has purchased the vapor product from the manufacturer within thirty (30) days of the final action being taken.

(3) ~~[(4)]~~ A manufacturer that ***fails to provide the information required in subsection (1) of this section or*** provides false or misleading information ~~[in a safe harbor certification or other notice]~~ to retailers or wholesalers violates this section and shall be subject to a fine of:

(a) Twenty-five thousand dollars ($25,000) for a first citation issued for a violation of this section;

(b) Fifty thousand dollars ($50,000) for a second citation issued for a violation of this section; and

(c) Seventy-five thousand dollars ($75,000) for a third or subsequent citation issued for a violation of this section.

➔Section 10. KRS 438.309 is amended to read as follows:

(1) A wholesaler ***of nicotine vapor products*** shall ~~[not sell:~~

~~(a)]~~***only sell*** authorized ***nicotine*** vapor products to a retailer ~~[until the wholesaler verifies that the retailer is not in the tobacco noncompliance database and reporting system; or~~

~~(b) Unauthorized vapor products]~~.

(2) Any wholesaler that violates this section shall be subject to a fine of:

(a) Five thousand dollars ($5,000) for a first citation issued for a violation of this section; and

(b) Fifteen thousand dollars ($15,000) for a second or subsequent citation issued for a violation of this section.

➔Section 11. KRS 438.310 is amended to read as follows:

(1) No person shall sell or cause to be sold any tobacco product or alternative nicotine product at retail to any person under the age of twenty-one (21), or solicit any person under the age of twenty-one (21) to purchase any tobacco product or alternative nicotine product at retail.

(2) Any person who sells tobacco products or alternative nicotine products at retail shall cause to be posted in a conspicuous place in his or her establishment a notice stating that it is illegal to sell tobacco products, alternative nicotine products, or vapor products to persons under age twenty-one (21).

(3) Any person selling tobacco products, alternative nicotine products, or vapor products shall require proof of age from a prospective buyer or recipient if the person has reason to believe that the prospective buyer or recipient is under the age of twenty-one (21).

(4) A person who violates subsection (1) or (2) of this section shall be subject to a***:***

(a) One hundred dollar ($100) fine to the retail sales clerk for a first citation and a notice to the owner of a retail establishment which details the violation;

(b) One hundred dollar ($100) fine to the retail sales clerk and an additional five hundred dollar ($500) fine to the owner of a retail establishment for a second citation;

(c) One hundred dollar ($100) fine to the retail sales clerk and an additional one thousand dollar ($1,000) fine to the owner of a retail establishment for a third citation; and

(d) Revocation of the tobacco, nicotine, or vapor product license upon a fourth citation. Revocation for any fourth and subsequent citation within a two (2) year period shall result in the inability to reapply for a license for two (2) years~~[fine of not less than one hundred dollars ($100) nor more than five hundred dollars ($500) for a first violation and a fine of not less than five hundred dollars ($500) nor more than one thousand dollars ($1,000) for any subsequent violation. The fine shall be administered by the Department of Alcoholic Beverage Control using a civil enforcement procedure]~~.

(5) Each citation shall be specific to the premises of the retail establishment where the violation occurred.

(6) The fine shall be imposed and collected by the department using a civil enforcement procedure.

(7) A retailer shall be prohibited from renewing its license until all fines incurred under KRS 438.305 to 438.350 are paid.

➔Section 12. KRS 438.311 is amended to read as follows:

(1) Except for the provisions of KRS 438.330, it shall be unlawful for a person who has not attained the age of twenty-one (21) years to purchase or accept receipt of or to attempt to purchase or accept receipt of a tobacco product, alternative nicotine product, or vapor product, or to present or offer to any person any purported proof of age which is false, fraudulent, or not actually his or her own, for the purpose of purchasing or receiving any tobacco product, alternative nicotine product, or vapor product. It shall not be unlawful for such a person to accept receipt of a tobacco product, alternative nicotine product, or vapor product from an employer when required in the performance of the person's duties.

(2) All peace officers with general law enforcement authority and ***investigators***~~[employees]~~ of the department~~[of Alcoholic Beverage Control]~~ may confiscate the tobacco product, alternative nicotine product, or vapor product of a person under the age of twenty-one (21) who has violated this section. Notwithstanding any provision of law to the contrary, no other penalty shall apply to a person under the age of twenty-one (21) for a violation of this section.

➔Section 13. KRS 438.313 is amended to read as follows:

(1) ***A***~~[No]~~ wholesaler, retailer, or manufacturer of cigarettes, tobacco products, or alternative nicotine products, ***shall not***~~[may]~~ distribute cigarettes, tobacco products, or alternative nicotine products, including samples thereof, free of charge or otherwise, to any person under the age of twenty-one (21).

(2) ***A distributor or wholesaler shall not distribute alternative nicotine products, tobacco products, or vapor products to any retailer whose license has been revoked.***

(3) Any person who distributes cigarettes, tobacco products, or alternative nicotine products, including samples thereof, free of charge or otherwise shall require proof of age from a prospective buyer or recipient if the person has reason to believe that the prospective purchaser or recipient is under the age of twenty-one (21).

(4)~~[(3)]~~ Any person who violates the provisions of this section shall be fined not less than one thousand dollars ($1,000) nor more than two thousand five hundred dollars ($2,500) for each offense. The fine shall be administered by the department~~[of Alcoholic Beverage Control]~~ using a civil enforcement procedure for persons eighteen (18) years of age or older.

(5)~~[(4)]~~ All peace officers with general law enforcement authority and ***investigators***~~[employees]~~ of the department~~[of Alcoholic Beverage Control]~~ may issue a uniform citation, but may not make an arrest~~[,]~~ or take a child into custody, for a violation of this section.

➔Section 14. KRS 438.312 is amended to read as follows:

(1) A retailer shall not sell, give away, or distribute an authorized ***nicotine*** vapor product or tobacco product to any person under twenty-one (21) years of age. A retailer who sells a tobacco product to a person under twenty-one (21) years of age shall be subject to the penalties listed in KRS 438.310(4).

(2) (a) A retailer shall have an affirmative defense to a violation of subsection (1) of this section if the sale was induced by the use of false, fraudulent, or altered identification papers or other documents.

(b) Evidence to support an affirmative defense under this subsection may be introduced either in mitigation of the violation or as a defense to the violation itself.

(3) Any retailer that violates subsection (1) of this section regarding authorized ***nicotine*** vapor products shall be ***subject to a:***

(a) One hundred dollar ($100) fine to the retail sales clerk for a first citation and a notice to the owner of a retail establishment which details the violation;

(b) One hundred dollar ($100) fine to the retail sales clerk and an additional five hundred dollar ($500) fine to the owner of a retail establishment for a second citation;

(c) One hundred dollar ($100) fine to the retail sales clerk and an additional one thousand dollar ($1,000) fine to the owner of a retail establishment for a third citation; and

(d) Revocation of the tobacco, nicotine, or vapor product license upon a fourth citation. Revocation for any fourth and subsequent citation within a two (2) year period shall result in the inability to reapply for a license for two (2) years~~[:~~

~~(a) Subject to a fine of:~~

~~1. Not less than one hundred dollars ($100) nor more than five hundred dollars ($500) for the first citation issued for a violation of this section;~~

~~2. One thousand dollars ($1,000) for the second citation issued for a violation of this section; and~~

~~3. Five thousand dollars ($5,000) for a third or subsequent citation issued for a violation of this section that is not subject to paragraph (b) of this subsection; and~~

~~(b) For a fourth or subsequent citation issued for a violation of this section within a two (2) year period, placed in the tobacco noncompliance database and reporting system and lose the ability to lawfully sell vapor products for one (1) year~~]*.*

(4) Each citation shall be specific to the premises of the retail establishment where the violation occurred.

(5)~~[(4)]~~ Any retailer with unpaid fines under this section that are more than sixty (60) days overdue shall lose the ability to lawfully sell vapor products until the fines are paid.

➔Section 15. KRS 438.316 is amended to read as follows:

(1) A retailer ***of nicotine vapor products*** shall ***only***~~[not]~~ sell ***authorized nicotine vapor products***~~[an unauthorized vapor product to any person]~~.

(2) ~~[Except as provided in subsection (3) of this section, any retailer selling vapor products shall obtain from the manufacturer an applicable safe harbor certification and shall maintain a copy of the certification at the physical location where the vapor product is being sold.~~

~~(3) A retailer is not required to obtain a safe harbor certification for vapor products if those products were purchased from a Kentucky-licensed resident wholesaler.~~

~~(4)]~~Any retailer that violates this section shall be ***subject to a***:

(a) Five hundred dollar ($500) fine to the owner of a retail establishment for a first citation issued for a violation of this section;

(b) One thousand dollar ($1,000) fine to the owner of a retail establishment for a second or subsequent citation issued for a violation of this section; and

(c) Revocation of the tobacco, nicotine, or vapor product license upon a fourth citation, which shall result in the inability to reapply for a tobacco, nicotine, or vapor product license for two (2) years~~[~~

~~(a) Subject to a fine of:~~

~~1. One thousand dollars ($1,000) for the first citation issued for a violation of this section; and~~

~~2. Five thousand dollars ($5,000) for a second or subsequent citation issued for a violation of this section; and~~

~~(b) Placed in the tobacco noncompliance database and reporting system and lose the ability to lawfully sell vapor products for one (1) year for any third or subsequent citation issued for a violation within a two (2) year period~~].

(3) Each citation shall be specific to the premises of the retail establishment where the violation occurred.

(4)[~~(5) A retailer in the tobacco noncompliance database and reporting system that sells vapor products that are unauthorized vapor products shall be subject to a fine of ten thousand dollars ($10,000) per unlawful transaction.~~

~~(6)~~] Any retailer with unpaid fines under this section that are more than sixty (60) days overdue shall lose the ability to lawfully sell vapor products until the fines are paid.

(5)[~~(7)~~] A retailer shall have an affirmative defense to a violation of selling an unauthorized vapor product if the retailer can establish:

(a) Proof of an official material change in the status of a vapor product under review by the FDA within forty-five (45) days of the issuance of the citation; or

(b) ***Proof received under subsection (1)(b) of Section 9 of this Act that the product is an authorized nicotine vapor product***[~~A safe harbor certification for the vapor product exists onsite at the retail location at the time the citation was issued~~].

➔SECTION 16. A NEW SECTION OF KRS 438.305 TO 438.350 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section, "nitrous oxide" means any of the following substances:

(a) N2O;

(b) Dinitrogen monoxide;

(c) Dinitrogen oxide;

(d) Nitrogen oxide;

(e) Butyl nitrite;

(f) Isobutyl nitrite;

(g) Secondary butyl nitrite;

(h) Tertiary butyl nitrite; or

(i) Laughing gas.

(2) A retailer shall not sell, distribute, give away, or cause to be sold any device, canister, tank, or receptacle that either exclusively contains nitrous oxide or exclusively contains a chemical compound mixed with nitrous oxide.

(3) Nitrous oxide shall only be available for the uses as authorized by this subsection. This section shall not prohibit:

(a) The sale or distribution of medical gases that contain nitrous oxide by a wholesaler licensed by the Kentucky Board of Pharmacy;

(b) Any person who administers nitrous oxide for the purpose of providing medical or dental care, if administered by a dentist or dental hygienist in accordance with KRS 313.060;

(c) The possession or use of nitrous oxide substances by a manufacturer as part of a manufacturing process or industrial operation;

(d) The possession, use, or sale of nitrous oxide as a propellant in food preparation for restaurant, food service, or houseware products; or

(e) The possession, use, or sale of nitrous oxide for automotive purposes.

(4) Any retailer that violates this section shall be subject to:

(a) A two thousand five hundred dollar ($2,500) fine to the owner of a retail establishment for a first citation issued for a violation of this section;

(b) A five thousand dollar ($5,000) fine to the owner of a retail establishment for a second citation issued for a violation of this section; and

(c) Up to thirty (30) days in jail for a third citation issued for a violation of this section.

(5) Each citation shall be specific to the premises of the retailer where the violation occurred.

➔Section 17. KRS 438.330 is amended to read as follows:

(1) ***Except as provided in Section 19 of this Act,*** the Department of Alcoholic Beverage Control and the Department of Agriculture shall carry out annually conducted random, unannounced inspections of retail establishments where tobacco products, alternative nicotine products, or vapor products are sold or distributed for the purpose of enforcing the provisions of KRS 438.305 to ***438.350***~~[438.340]~~. The inspections shall be conducted to the extent necessary to assure that the Commonwealth remains in compliance with ***Pub. L. No.***~~[Public Law]~~ 102-321 and applicable federal regulations. The department~~[of Alcoholic Beverage Control]~~ and the Department of Agriculture shall also ensure that targeted inspections are conducted at those retail establishments where, and at those times when, persons under the age of twenty-one (21) years are most likely to purchase tobacco products, alternative nicotine products, or vapor products. Persons under the age of twenty-one (21) years may be used to test compliance with the provisions of KRS 438.305 to ***438.350***~~[438.340]~~ only if the testing is conducted under the direct supervision of the department~~[of Alcoholic Beverage Control]~~, sheriff, or chief of police, or their employees, and written parental consent has been obtained. The department~~[of Alcoholic Beverage Control]~~ shall prepare annually, for submission by the Governor to the Secretary of the United States Department of Health and Human Services, the report required by Section 1926 of Subpart 1 of Part B of Title XIX of the Federal Public Health Service Act.

(2) The department~~[of Alcoholic Beverage Control]~~ shall develop and implement the survey sampling methodologies to carry out the inspections as described in this section.

➔Section 18. KRS 438.331 is amended to read as follows:

(1) All certified peace officers with general law enforcement authority and investigators of the department may issue a citation for a violation of ***Section 11 or 16 of this Act or*** KRS 438.308, 438.309, 438.312, or 438.316.

(2) A citation shall not be issued to a minor, and a minor shall not be arrested, in connection with a retailer's violation of KRS 438.312 or 438.316.

(3) (a) All citations issued pursuant to KRS 438.308, 438.309, 438.312, or 438.316 ***or Section 11 or 16 of this Act*** shall be reported to and enforced by the department.

(b) Multiple violations found during one (1) visit shall be reported on a single citation and shall be considered to be one (1) violation for purposes of the penalties set forth in KRS 438.312 and 438.316.

(c) Each violation shall be specific to the physical location in which the violation occurred.

➔Section 19. KRS 438.337 is amended to read as follows:

(1) The department~~[of Alcoholic Beverage Control]~~ shall carry out the enforcement provisions of KRS 438.305 to ***438.350***~~[438.340]~~.

(2) ***(a) 1.*** The department~~[of Alcoholic Beverage Control]~~ shall be entitled to the revenue produced by one-twentieth of one cent ($0.0005) of the three-cent ($0.03) per pack revenue collected by the Finance and Administration Cabinet from the state excise tax on the sale of cigarettes as imposed by KRS 138.140***.***

2. One hundred percent (100%) of the license and application fees imposed by Section 5 of this Act unless the license is denied shall~~[to]~~ be deposited in a trust and agency account created in the State Treasury***. If no license is issued, the application fee shall be retained by the department in accordance with Section 5 of this Act.***~~[, and]~~

(b) One hundred percent (100%) of the fines collected under KRS 438.305 to 438.350 shall be retained by the department.

(c) The department shall~~[to]~~ keep fifty percent (50%) of any fines collected under KRS 438.305 to ***438.350***~~[438.340]~~ to offset the costs of enforcement***. The remaining fifty percent (50%) of funds shall go to a youth program administered by the Department for Public Health directed at targeting and educating youth on the dangers of tobacco products, alternative nicotine products, and vapor products***~~[of KRS 438.305 to 438.340]~~.

(3) The department~~[of Alcoholic Beverage Control]~~ shall be responsible for maintaining statistics for compilation of required reports to be submitted to the United States Department of Health and Human Services.

(4) The department~~[of Alcoholic Beverage Control]~~ shall devise a plan and ***timeframe***~~[time frame]~~ for enforcement to determine by random inspection if the percentage of retailers***, wholesalers,*** or distributors making illegal sales to persons under the age of twenty-one (21) does or does not exceed federal guidelines preventing tobacco sales to persons under the age of twenty-one (21).

(5) (a) The department shall investigate the information provided in each application for a tobacco, nicotine, or vapor product license.

(b) Notwithstanding Sections 17 and 18 of this Act, if the tobacco, nicotine, or vapor product license is approved, random inspections or compliance checks of the licensee shall be conducted not less than once annually during normal business hours or as deemed appropriate by the commissioner.

(6) The department shall, on the first day of each month, create, update, and publish on its website a list of retail establishments that possess a tobacco, nicotine, or vapor product license.

➔Section 20. KRS 438.340 is amended to read as follows:

The department~~[of Alcoholic Beverage Control]~~ and the Department of Agriculture are authorized to promulgate administrative regulations pursuant to KRS Chapter 13A as necessary to implement and carry out the provisions of KRS 438.305 to ***438.350***~~[438.340]~~***, including establishing a procedure for administering citations, issuing orders, adjusting fees, and filing appeals under this section and Section 7 of this Act for any violation of the provisions of KRS 438.305 to 438.350, order of the commissioner, or administrative regulations promulgated by the department***.

➔Section 21. KRS 438.350 is amended to read as follows:

(1) No person under the age of twenty-one (21) shall possess or use tobacco products, alternative nicotine products, or vapor products.

(2) Any tobacco product, alternative nicotine product, or vapor product found in the possession of a person under the age of twenty-one (21) and in plain view of the law enforcement officer shall be confiscated by the law enforcement officer making the charge.

(3) Any person under the age of twenty-one (21) years found possessing or consuming an alternative nicotine product, tobacco product, or vapor product may be required to participate in a community service program or attend a tobacco cessation program.

(4)~~[(3)]~~ This section shall not apply to persons exempted as provided by KRS 438.311 and 438.330.~~[~~

~~(4) The terms "alternative nicotine product," "tobacco product," and "vapor product," shall have the same meanings as in KRS 438.305.]~~

➔Section 22. KRS 241.020 is amended to read as follows:

(1) The department shall administer statutes relating to, and regulate traffic in, alcoholic beverages, except that the collection of taxes shall be administered by the Department of Revenue. The department may issue advisory opinions and declaratory rulings related to KRS Chapters 241 to 244 and the administrative regulations promulgated under those chapters.

(2) A Division of Distilled Spirits, under the supervision of the board, shall administer the laws in relation to traffic in distilled spirits and wine.

(3) A Division of Malt Beverages, under the supervision of the board, shall administer the laws in relation to traffic in malt beverages.

(4) A Division of Tobacco, Nicotine, and Vapor Product Licensing, under the supervision of the division director, shall administer the laws in relation to traffic in alternative nicotine products, tobacco products, and authorized nicotine vapor products under KRS 438.305 to 438.350.

➔Section 23. KRS 438.300 is amended to read as follows:

It is the intent of the Legislature that KRS 438.305 to ***438.350***~~[438.340]~~ shall be enforced in an equitable and uniform manner throughout the Commonwealth. For the purpose of equitable and uniform enforcement, the provisions of KRS 438.305 to ***438.350***~~[438.340]~~ shall supersede any subsequently enacted local law, ordinance, or regulation which relates to the use, display, sale, or distribution of tobacco products. It is the intent of the Legislature that KRS 438.305 to ***438.350***~~[438.340]~~ be enforced so as to ensure the eligibility for and receipt of any federal funds or grants

that the Commonwealth of Kentucky now receives or may receive relating to the provisions of KRS 438.305 to ***438.350***~~[438.340]~~.

➔Section 24. KRS 438.306 is amended to read as follows:

(1) Each retailer shall, upon organizational filing or application for certificate of authority to the Secretary of State and upon its annual report, state whether it is involved in the retail sale of authorized ***nicotine*** vapor products.

(2) The Secretary of State shall:

(a) Create a list of retailers that sell authorized ***nicotine*** vapor products; and

(b) Provide the list of retailers created under paragraph (a) of this subsection to the department and the Department of Revenue on a monthly basis.

➔Section 25. KRS 438.325 is amended to read as follows:

(1) Each owner of a retail establishment selling or distributing tobacco products, alternative nicotine products, or vapor products shall notify each individual employed in the retail establishment as a retail sales clerk that the sale of tobacco products, alternative nicotine products, or vapor products to any person under the age of twenty-one (21) years and the purchase of tobacco products, alternative nicotine products, or vapor products by any person under the age of twenty-one (21) years are prohibited.

(2) Each owner of a retail establishment selling or distributing tobacco products, alternative nicotine products, or vapor products shall notify each individual employed in the retail establishment as a retail sales clerk that proof of age is required from a prospective buyer or recipient if the person has reason to believe that the prospective purchaser or recipient is under the age of twenty-one (21).

(3) The notice to employees that is required in subsection (1) of this section shall be provided before the person commences work as a retail sales clerk, or, in the case of a person employed as a retail sales clerk on March 26, 2020, within thirty (30) days of that date. The employee shall signify receipt of the notice required by this section by signing a form that states as follows:

"I understand that under the law of the Commonwealth of Kentucky it is illegal to sell or distribute tobacco products, alternative nicotine products, or vapor products to persons under the age of twenty-one (21) years and that it is illegal for persons under the age of twenty-one (21) years to purchase tobacco products, alternative nicotine products, or vapor products."

(4) The owner of the retail establishment shall maintain the signed notice that is required pursuant to subsection (3) of this section in a place and in a manner so as to be easily accessible to any employee of the Department of Alcoholic Beverage Control or the Department of Agriculture conducting an inspection of the retail establishment for the purpose of monitoring compliance in limiting the sale or distribution of tobacco products, alternative nicotine products, or vapor products to persons under the age of twenty-one (21) as provided in KRS 438.305 to ***438.350***~~[438.340]~~.

(5) Any owner of the retail establishment violating subsections (1) to (4) of this section shall be subject to a fine of not less than one hundred dollars ($100) nor more than five hundred dollars ($500) for each violation. The fine shall be administered by the Department of Alcoholic Beverage Control in a civil enforcement procedure.

➔Section 26. KRS 438.335 is amended to read as follows:

The Department of Agriculture shall carry out the provisions of KRS 438.305 to ***438.350***~~[438.340]~~ as they relate to educating the public and sellers of tobacco products, alternative nicotine products, or vapor products about provisions and penalties of KRS 438.305 to ***438.350***~~[438.340]~~. The Department of Agriculture shall be entitled to the revenue produced by one-twentieth of one cent ($0.0005) of the three-cent ($0.03) per pack revenue collected by the Department of Revenue from the state excise tax on the sale of cigarettes as imposed by KRS 138.140 and to keep fifty percent (50%) of any fines collected under KRS 438.305 to ***438.350***~~[438.340]~~ to offset the costs of these education efforts.

➔Section 27. KRS 630.120 is amended to read as follows:

(1) All dispositional hearings conducted under this chapter shall be conducted in accordance with the provisions of KRS 610.060 and 610.070. In addition, the court shall, at the time the dispositional order is issued:

(a) Give the child adequate and fair written warning of the consequences of the violation of the order; and

(b) Provide the child and the child's attorney, and parent, or legal guardian a written statement setting forth the conditions of the order and the consequences for violating the order.

An order issued pursuant to this section is a valid court order and any child violating that order may be subject to the provisions of KRS 630.080(4).

(2) The court shall consider all appropriate local remedies to aid the child and the child's family subject to the following conditions:

(a) Residential and nonresidential treatment programs for status offenders shall be community-based and nonsecure; and

(b) With the approval of the education agency, the court may place the child in a nonsecure public or private education agency accredited by the Department of Education.

(3) At the disposition of a child adjudicated on a petition brought pursuant to this chapter, all information helpful in making a proper disposition, including oral and written reports, shall be received by the court provided that the child, the child's parents, their counsel, the prosecuting attorney, the child's counsel, or other interested parties as determined by the judge shall be afforded an opportunity to examine and controvert the reports. For good cause, the court may allow the admission of hearsay evidence.

(4) The court shall affirmatively determine that all appropriate remedies have been considered and exhausted to assure that the least restrictive alternative method of treatment is utilized.

(5) The court may order the child and the child's family to participate in any programs which are necessary to effectuate a change in the child and the family.

(6) When all appropriate resources have been reviewed and considered insufficient to adequately address the needs of the child and the child's family, the court may, except as provided in subsection (7) of this section, commit the child to the cabinet for such services as may be necessary. The cabinet shall consider all appropriate local remedies to aid the child and the child's family subject to the following conditions:

(a) Treatment programs for status offenders shall be, unless excepted by federal law, community-based and nonsecure;

(b) The cabinet may place the child in a nonsecure public or private education agency accredited by the department of education;

(c) The cabinet may initiate proceedings pursuant to KRS 610.160 when the parents fail to participate in the cabinet's treatment programs; and

(d) The cabinet may discharge the child from commitment after providing ten (10) days' prior written notice to the committing court which may object to such discharge by holding court review of the commitment under KRS 610.120.

(7) No child adjudicated guilty of an alcohol offense under KRS 244.085 or a tobacco offense under KRS 438.305 to ***438.350***~~[438.340]~~ shall be committed as a result of that adjudication.

➔Section 28. KRS 12.020 (Effective July 1, 2025) is amended to read as follows:

Departments, program cabinets and their departments, and the respective major administrative bodies that they include are enumerated in this section. It is not intended that this enumeration of administrative bodies be all-inclusive. Every authority, board, bureau, interstate compact, commission, committee, conference, council, office, or any other form of organization shall be included in or attached to the department or program cabinet in which they are included or to which they are attached by statute or statutorily authorized executive order; except in the case of the Personnel Board and where the attached department or administrative body is headed by a constitutionally elected officer, the attachment shall be solely for the purpose of dissemination of information and coordination of activities and shall not include any authority over the functions, personnel, funds, equipment, facilities, or records of the department or administrative body.

I. Cabinet for General Government - Departments headed by elected officers:

(1) The Governor.

(2) Lieutenant Governor.

(3) Department of State.

(a) Secretary of State.

(b) Board of Elections.

(c) Registry of Election Finance.

(4) Department of Law.

(a) Attorney General.

(5) Department of the Treasury.

(a) Treasurer.

(6) Department of Agriculture.

(a) Commissioner of Agriculture.

(b) Agricultural Development Board.

(c) Kentucky Agricultural Finance Corporation.

(7) Auditor of Public Accounts.

(a) Commonwealth Office of the Ombudsman.

II. Program cabinets headed by appointed officers:

(1) Justice and Public Safety Cabinet:

(a) Department of Kentucky State Police.

1. Office of Administrative Services.

a. Division of Operational Support.

b. Division of Management Services.

2. Office of Operations.

a. Division of West Troops.

b. Division of East Troops.

c. Division of Special Enforcement.

d. Division of Commercial Vehicle Enforcement.

3. Office of Technical Services.

a. Division of Forensic Sciences.

b. Division of Electronic Services.

c. Division of Records Management.

(b) Department of Criminal Justice Training.

(c) Department of Corrections.

(d) Department of Juvenile Justice.

(e) Office of the Secretary.

(f) Office of Drug Control Policy.

(g) Office of Legal Services.

(h) Office of the Kentucky State Medical Examiner.

(i) Parole Board.

(j) Kentucky State Corrections Commission.

(k) Office of Legislative and Intergovernmental Services.

(l) Office of Human Resource Management.

1. Division of Human Resource Administration.

2. Division of Employee Management.

(m) Department of Public Advocacy.

(n) Office of Communications.

1. Information Technology Services Division.

(o) Office of Financial Management Services.

1. Division of Financial Management.

(p) Grants Management Division.

(2) Energy and Environment Cabinet:

(a) Office of the Secretary.

1. Office of Legislative and Intergovernmental Affairs.
2. Office of Legal Services.
   a. Legal Division I.
   b. Legal Division II.
3. Office of Administrative Hearings.
4. Office of Communication.
5. Mine Safety Review Commission.
6. Office of Kentucky Nature Preserves.
7. Kentucky Public Service Commission.

(b) Department for Environmental Protection.

1. Office of the Commissioner.
2. Division for Air Quality.
3. Division of Water.
4. Division of Environmental Program Support.
5. Division of Waste Management.
6. Division of Enforcement.
7. Division of Compliance Assistance.

(c) Department for Natural Resources.

1. Office of the Commissioner.
2. Division of Mine Permits.
3. Division of Mine Reclamation and Enforcement.
4. Division of Abandoned Mine Lands.
5. Division of Oil and Gas.
6. Division of Mine Safety.
7. Division of Forestry.
8. Division of Conservation.
9. Office of the Reclamation Guaranty Fund.

(d) Office of Energy Policy.

1. Division of Energy Assistance.

(e) Office of Administrative Services.

1. Division of Human Resources Management.

2. Division of Financial Management.

3. Division of Information Services.

(3) Public Protection Cabinet.

(a) Office of the Secretary.

1. Office of Communications and Public Outreach.

2. Office of Legal Services.

a. Insurance Legal Division.

b. Alcoholic Beverage Control Legal Division.

c. Housing, Buildings and Construction Legal Division.

d. Financial Institutions Legal Division.

e. Professional Licensing Legal Division.

3. Office of Administrative Hearings.

4. Office of Administrative Services.

a. Division of Human Resources.

b. Division of Fiscal Responsibility.

(b) Office of Claims and Appeals.

1. Board of Tax Appeals.

2. Board of Claims.

3. Crime Victims Compensation Board.

(c) Kentucky Boxing and Wrestling Commission.

(d) Department of Alcoholic Beverage Control.

1. Division of Distilled Spirits.

2. Division of Malt Beverages.

3. Division of Enforcement.

4. Division of Tobacco, Nicotine, and Vapor Product Licensing.

(e) Department of Financial Institutions.

1. Division of Depository Institutions.

2. Division of Non-Depository Institutions.

3. Division of Securities.

(f) Department of Housing, Buildings and Construction.

1. Division of Fire Prevention.

2. Division of Plumbing.

3. Division of Heating, Ventilation, and Air Conditioning.

4. Division of Building Code Enforcement.

(g) Department of Insurance.

1. Division of Health and Life Insurance and Managed Care.

2. Division of Property and Casualty Insurance.

3. Division of Administrative Services.

4. Division of Financial Standards and Examination.

5. Division of Licensing.
6. Division of Insurance Fraud Investigation.
7. Division of Consumer Protection.

(h) Department of Professional Licensing.
1. Real Estate Authority.
2. Division of Real Property Boards.

(4) Transportation Cabinet:
(a) Department of Highways.
1. Office of Project Development.
2. Office of Project Delivery and Preservation.
3. Office of Highway Safety.
4. Highway District Offices One through Twelve.

(b) Department of Vehicle Regulation.
(c) Department of Aviation.
(d) Department of Rural and Municipal Aid.
1. Office of Local Programs.
2. Office of Rural and Secondary Roads.

(e) Office of the Secretary.
1. Office of Public Affairs.
2. Office for Civil Rights and Small Business Development.
3. Office of Budget and Fiscal Management.
4. Office of Inspector General.
5. Secretary's Office of Safety.

(f) Office of Support Services.
(g) Office of Transportation Delivery.
(h) Office of Audits.
(i) Office of Human Resource Management.
(j) Office of Information Technology.
(k) Office of Legal Services.

(5) Cabinet for Economic Development:
(a) Office of the Secretary.
1. Office of Legal Services.
2. Department for Business and Community Development.
a. Development and Retention Division – West Kentucky.
b. Development, Retention, and Administrative Division – Central and East Kentucky.
c. Community and Workforce Development Division.
3. Department for Financial Services.
a. Kentucky Economic Development Finance Authority.

b. Finance and Personnel Division.

c. IT and Resource Management Division.

d. Compliance Division.

e. Program Administration Division.

f. Bluegrass State Skills Corporation.

g. The GRANT Commission.

4. Office of Strategy and Public Affairs.

a. Marketing and Communications Division.

b. Research and Strategy Division.

5. Office of Entrepreneurship and Innovation.

a. Commission on Small Business Innovation and Advocacy.

(6) Cabinet for Health and Family Services:

(a) Office of the Secretary.

1. Office of Public Affairs.

2. Office of Legal Services.

3. Office of Inspector General.

4. Office of Human Resource Management.

5. Office of Finance and Budget.

6. Office of Legislative and Regulatory Affairs.

7. Office of Administrative Services.

8. Office of Application Technology Services.

9. Office of Data Analytics.

10. Office of Medical Cannabis.

a. Division of Enforcement and Compliance.

b. Division of Licensure and Access.

(b) Department for Public Health.

(c) Department for Medicaid Services.

(d) Department for Behavioral Health, Developmental and Intellectual Disabilities.

(e) Department for Aging and Independent Living.

(f) Department for Community Based Services.

(g) Department for Family Resource Centers and Volunteer Services.

(7) Finance and Administration Cabinet:

(a) Office of the Secretary.

(b) Office of the Inspector General.

(c) Office of Legislative and Intergovernmental Affairs.

(d) Office of General Counsel.

(e) Office of the Controller.

(f) Office of Administrative Services.

(g) Office of Policy and Audit.

(h) Department for Facilities and Support Services.

(i) Department of Revenue.

(j) Commonwealth Office of Technology.

(k) State Property and Buildings Commission.

(l) Office of Equal Employment Opportunity and Contract Compliance.

(m) Kentucky Employees Retirement Systems.

(n) Commonwealth Credit Union.

(o) State Investment Commission.

(p) Kentucky Housing Corporation.

(q) Kentucky Local Correctional Facilities Construction Authority.

(r) Kentucky Turnpike Authority.

(s) Historic Properties Advisory Commission.

(t) Kentucky Higher Education Assistance Authority.

(u) Kentucky River Authority.

(v) Kentucky Teachers' Retirement System Board of Trustees.

(w) Executive Branch Ethics Commission.

(x) Office of Fleet Management.

(8) Tourism, Arts and Heritage Cabinet:

(a) Kentucky Department of Tourism.

1. Division of Tourism Services.
2. Division of Marketing and Administration.
3. Division of Communications and Promotions.

(b) Kentucky Department of Parks.

1. Division of Information Technology.
2. Division of Human Resources.
3. Division of Financial Operations.
4. Division of Purchasing.
5. Division of Facilities.
6. Division of Park Operations.
7. Division of Sales, Marketing, and Customer Service.
8. Division of Engagement.
9. Division of Food Services.
10. Division of Rangers.

(c) Department of Fish and Wildlife Resources.

1. Division of Law Enforcement.
2. Division of Administrative Services.
3. Division of Engineering, Infrastructure, and Technology.
4. Division of Fisheries.
5. Division of Information and Education.

6. Division of Wildlife.
7. Division of Marketing.

(d) Kentucky Horse Park.
1. Division of Support Services.
2. Division of Buildings and Grounds.
3. Division of Operational Services.

(e) Kentucky State Fair Board.
1. Office of Administrative and Information Technology Services.
2. Office of Human Resources and Access Control.
3. Division of Expositions.
4. Division of Kentucky Exposition Center Operations.
5. Division of Kentucky International Convention Center.
6. Division of Public Relations and Media.
7. Division of Venue Services.
8. Division of Personnel Management and Staff Development.
9. Division of Sales.
10. Division of Security and Traffic Control.
11. Division of Information Technology.
12. Division of the Louisville Arena.
13. Division of Fiscal and Contract Management.
14. Division of Access Control.

(f) Office of the Secretary.
1. Office of Finance.
2. Office of Government Relations and Administration.

(g) Office of Legal Affairs.

(h) Office of Human Resources.

(i) Office of Public Affairs and Constituent Services.

(j) Office of Arts and Cultural Heritage.

(k) Kentucky African-American Heritage Commission.

(l) Kentucky Foundation for the Arts.

(m) Kentucky Humanities Council.

(n) Kentucky Heritage Council.

(o) Kentucky Arts Council.

(p) Kentucky Historical Society.
1. Division of Museums.
2. Division of Oral History and Educational Outreach.
3. Division of Research and Publications.
4. Division of Administration.

(q) Kentucky Center for the Arts.

1. Division of Governor's School for the Arts.

(r) Kentucky Artisans Center at Berea.

(s) Northern Kentucky Convention Center.

(t) Eastern Kentucky Exposition Center.

(9) Personnel Cabinet:

(a) Office of the Secretary.

(b) Department of Human Resources Administration.

(c) Office of Employee Relations.

(d) Kentucky Public Employees Deferred Compensation Authority.

(e) Office of Administrative Services.

(f) Office of Legal Services.

(g) Governmental Services Center.

(h) Department of Employee Insurance.

(i) Office of Diversity, Equality, and Training.

(j) Office of Public Affairs.

(10) Education and Labor Cabinet:

(a) Office of the Secretary.

1. Office of Legal Services.

a. Workplace Standards Legal Division.

b. Workers' Claims Legal Division.

c. Workforce Development Legal Division.

2. Office of Administrative Services.

a. Division of Human Resources Management.

b. Division of Fiscal Management.

c. Division of Operations and Support Services.

3. Office of Technology Services.

a. Division of Information Technology Services.

4. Office of Policy and Audit.

5. Office of Legislative Services.

6. Office of Communications.

7. Office of the Kentucky Center for Statistics.

8. Board of the Kentucky Center for Statistics.

9. Early Childhood Advisory Council.

10. Governors' Scholars Program.

11. Governor's School for Entrepreneurs Program.

12. Foundation for Adult Education.

(b) Department of Education.

1. Kentucky Board of Education.

2. Kentucky Technical Education Personnel Board.

3. Education Professional Standards Board.

(c) Board of Directors for the Center for School Safety.

(d) Department for Libraries and Archives.

(e) Kentucky Environmental Education Council.

(f) Kentucky Educational Television.

(g) Kentucky Commission on the Deaf and Hard of Hearing.

(h) Department of Workforce Development.

1. Career Development Office.

2. Office of Vocational Rehabilitation.

a. Division of Kentucky Business Enterprise.

b. Division of the Carl D. Perkins Vocational Training Center.

c. Division of Blind Services.

d. Division of Field Services.

e. Statewide Council for Vocational Rehabilitation.

f. Employment First Council.

3. Office of Employer and Apprenticeship Services.

a. Division of Apprenticeship.

4. Kentucky Apprenticeship Council.

5. Division of Technical Assistance.

6. Office of Adult Education.

7. Office of the Kentucky Workforce Innovation Board.

(i) Department of Workplace Standards.

1. Division of Occupational Safety and Health Compliance.

2. Division of Occupational Safety and Health Education and Training.

3. Division of Wages and Hours.

(j) Office of Unemployment Insurance.

(k) Kentucky Unemployment Insurance Commission.

(l) Department of Workers' Claims.

1. Division of Workers' Compensation Funds.

2. Office of Administrative Law Judges.

3. Division of Claims Processing.

4. Division of Security and Compliance.

5. Division of Specialist and Medical Services.

6. Workers' Compensation Board.

(m) Workers' Compensation Funding Commission.

(n) Kentucky Occupational Safety and Health Standards Board.

(o) State Labor Relations Board.

(p) Employers' Mutual Insurance Authority.

(q) Kentucky Occupational Safety and Health Review Commission.

(r) Workers' Compensation Nominating Committee.

(s) Office of Educational Programs.

(t) Kentucky Workforce Innovation Board.

(u) Kentucky Commission on Proprietary Education.

(v) Kentucky Work Ready Skills Advisory Committee.

(w) Kentucky Geographic Education Board.

(x) Disability Determination Services Program.

III. Other departments headed by appointed officers:

(1) Council on Postsecondary Education.

(2) Department of Military Affairs.

(3) Department for Local Government.

(4) Kentucky Commission on Human Rights.

(5) Kentucky Commission on Women.

(6) Department of Veterans' Affairs.

(7) Kentucky Commission on Military Affairs.

(8) Office of Minority Empowerment.

(9) Governor's Council on Wellness and Physical Activity.

(10) Kentucky Communications Network Authority.

➔Section 29. The following KRS section is repealed:

438.307 Enforcement by Department of Alcoholic Beverage Control -- Online publication of list of retailers of authorized vapor products.

➔Section 30. Whereas it is crucial that the public's understanding of laws related to vaping products reflect the statutory intent of the General Assembly, an emergency is declared to exist, and Sections 1, 9, 10, 14, 15, and 24 of this Act take effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

➔Section 31. Sections 2 to 8, 13, and 19 shall take effect January 1, 2026.

Signed by Governor March 24, 2025.

CHAPTER 79

(HB 137)

AN ACT relating to air quality monitoring.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 77.155 is amended to read as follows:

(1) A person shall not, nor shall an agent or employee of a person, nor shall a person as agent or employee of another, discharge into the atmosphere from any single source of emission whatsoever, any air contaminant in quantities and for a period or periods in excess of applicable emission standards established by regulation by the air pollution control board. Exceeding these standards shall constitute a rebuttable presumption of violation of this section.

(2) A person shall not, nor shall an agent or employee of a person, nor shall a person as agent or employee of another, discharge from any source whatsoever such quantities of air contaminants or other material which cause injury, detriment, nuisance, or annoyance to any considerable number of persons or to the public or

which endanger the comfort, repose, health, or safety of any such persons or the public or which cause or have a natural tendency to cause injury or damage to business or property. The board shall have power, by regulation, to fix reasonable limits, by weight or otherwise, for particular air contaminants or other material which in the opinion of said board may cause or have tendency to cause injury, detriment, nuisance, or annoyance to any considerable number of persons or to the public. Exceeding such limits shall be a rebuttable presumption of violation of this section.

(3) (a) For purposes of enforcing compliance with the applicable requirements of this chapter, the administrative regulations promulgated thereunder, or any requirement of the federal Clean Air Act, 42 U.S.C. sec. 7401 et seq., for which the air pollution control board has primary enforcement authority, an enforcement action alleging violations or noncompliance shall be based on:

1. A data collection method, emissions test, or monitoring method that has been approved or promulgated by the United States Environmental Protection Agency; or

2. A method or test that produces scientifically defensible and quality-assured data that is accepted by the United States Environmental Protection Agency for enforcement purposes.

(b) Any data collected using a method that does not meet the requirements of paragraph (a) of this subsection shall not be admissible or considered in any enforcement proceeding initiated by the air pollution control board, an air pollution control officer, or a private citizen.

➔Section 2. KRS 77.160 is amended to read as follows:

The provisions of KRS 77.155***(1) and (2)*** shall not be applicable:

(1) To buildings used exclusively for single owner-occupied private residences. However, the provisions of KRS 77.155 shall be fully effective and applicable if a renovation, demolition, or cleanup of a building may cause a disturbance of asbestos material and:

(a) The building is one (1) of a group of buildings consisting of more than one (1) building under common control; or

(b) At the time of the renovation, demolition, or cleanup, the use of the building or the property is commercial or is not known. To all larger residential buildings of whatever type, KRS 77.155 shall be effective and applicable;

(2) When a firebox, furnace, boiler, locomotive, or other fuel-consuming device is being cleaned out and a new fire is being built therein, in which event a smoke of a density as great or greater than that established by regulation by the air pollution control board shall be permitted for a period not to exceed six (6) minutes in any single period of sixty (60) minutes;

(3) To equipment used for agricultural operations in the growing of crops, or raising of fowl or animals;

(4) To smoke from fires set by or permitted by any public officer if such fire is set or permission given in the performance of the official duty of such officer for the purpose of weed abatement, the prevention of a fire or health hazard, or the instruction of public employees in the methods of fighting fire, which is, in the opinion of such officer, necessary.

➔Section 3. KRS 224.20-110 is amended to read as follows:

(1) No person shall, directly or indirectly, emit into or discharge into the air under the jurisdiction of the Commonwealth, or cause, permit, or allow to be emitted or discharged into such air any contaminants as provided for in subsection (1) of KRS 224.1-010 that shall cause or contribute to the pollution of the air of the Commonwealth in contravention of the emission standards or the ambient air standards adopted by the cabinet, or in contravention of any of the rules, regulations, or orders of the cabinet, or in contravention of any of the provisions of this chapter.

(2) ***(a) For purposes of enforcing compliance with the applicable requirements of this chapter, the administrative regulations promulgated thereunder, or any requirement of the federal Clean Air Act, 42 U.S.C. sec. 7401 et seq., for which the cabinet has primary enforcement authority, an enforcement action alleging violations or noncompliance shall be based on:***

1. A data collection method, emissions test, or monitoring method that has been approved or promulgated by the United States Environmental Protection Agency; or

2. A method or test that produces scientifically defensible and quality-assured data that is accepted by the United States Environmental Protection Agency for enforcement purposes.

(b) Any data collected using a method that does not meet the requirements of paragraph (a) of this subsection shall not be admissible or considered in any enforcement proceeding initiated by the cabinet or a private citizen.

(3) For the purpose of fostering willing compliance with the emission standards and the ambient air standards adopted by the cabinet, the cabinet shall promulgate and implement administrative regulations which give effect to ***42 U.S.C. sec.***~~[Section]~~ 7412(i)(5)~~[of Title 42, United States Code]~~, relating to alternative emission limitations allowed for early reduction of emissions. The program established by this subsection shall be conducted strictly in accordance with the federal law.

Became law without Governor's signature March 25, 2025.

CHAPTER 80

(HB 196)

AN ACT relating to coal mining.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 351.010 is amended to read as follows:

(1) As used in this chapter, unless the context requires otherwise:

(a) "Adulterated specimen" means a specimen containing a substance that is not a normal constituent or containing an endogenous substance at a concentration that is not a normal physiological concentration;

(b) "Approved" means that a device, apparatus, equipment, or machinery, or practice employed in the mining of coal has been approved by the commissioner of the Department for Natural Resources;

(c) "Assistant mine foreman" means a certified person designated to assist the mine foreman in the supervision of a portion or the whole of a mine or of the persons employed therein;

(d) "Commercial mine" means any coal mine from which coal is mined for sale, commercial use, or exchange. This term shall in no instance be construed to include a mine where coal is produced for own use;

(e) "Commission" means the Mine Safety Review Commission created by KRS 351.1041;

(f) "Commissioner" means commissioner of the Department for Natural Resources;

(g) "Department" means the Department for Natural Resources;

(h) "Drift" means an opening through strata or coal seams with opening grades sufficient to permit coal to be hauled therefrom or which is used for the purpose of ventilation, drainage, ingress, egress, and other purposes in connection with the mining of coal;

(i) "Excavations and workings" means the excavated portions of a mine;

(j) "Fire boss" (often referred to as mine examiner) means a person certified as a mine foreman or assistant mine foreman who is designated by management to examine a mine or part of a mine for explosive gas or other dangers before a shift crew enters;

(k) "Gassy mine." All mines shall be classified as gassy or gaseous;

(l) "Illicit substances" includes prescription drugs used illegally or in excess of therapeutic levels as well as illegal drugs;

(m) "Intake air" means air that has not passed through the last working place of the split or by the unsealed entrances to abandoned workings and by analysis contains not less than nineteen and one-half percent (19.5%) oxygen, no dangerous quantities of flammable gas, and no harmful amounts of poisonous gas or dust;

(n) "Licensee" means any owner, operator, lessee, corporation, partnership, or other person who procures a license from the department to operate a coal mine;

(o) "Medical review officer" or "MRO" means a licensed physician with knowledge of substance abuse disorders, laboratory testing, chain of custody, collection procedures, and the ability to verify positive, confirmed test results. The MRO shall possess the necessary medical training to interpret and evaluate a positive test result in relation to the person's medical history or any other relevant biomedical information;

(p) "Mine" means any open pit or any underground workings from which coal is produced for sale, exchange, or commercial use, and all shafts, slopes, drifts, or inclines leading thereto, and includes all buildings and equipment, above or below the surface of the ground, used in connection with the workings. Workings that are adjacent to each other and under the same management, but which are administered as distinct units, shall be considered a separate mine;

(q) "Mine foreman" means a certified person whom the licensee or superintendent places in charge of the workings of the mine and of the persons employed therein;

(r) "Mine manager" means a certified or noncertified person whom the licensee places in charge of a mine or mines and whose duties include but are not limited to operations at the mine or mines and supervision of personnel when qualified to do so;

(s) "Open-pit mine" shall include open excavations and open-cut workings, including but not limited to auger operations and highwall mining systems for the extraction of coal. However, excavation of refuse from a coarse coal refuse fill for reprocessing of the refuse, which is permitted and bonded under KRS Chapter 350 and is regulated by the Mine Safety and Health Administration, shall not be required to obtain a license under this chapter;

(t) "Operator" means the licensee, owner, lessee, or other person who operates or controls a coal mine;

(u) "Permissible" refers to any equipment, device, or explosive that has been approved by the United States Bureau of Mines, the Mining Enforcement and Safety Administration, or the Mine Safety and Health Administration and that meets all requirements, restrictions, exceptions, limitations, and conditions attached to the classification by the approving agency;

(v) "Preshift examination" means the examination of a mine or any portion thereof where miners are scheduled to work or travel, which shall be conducted not more than three (3) hours before any oncoming shift;

(w) "Return air" means air that has passed through the last active working place on each split, or air that has passed through abandoned, inaccessible, or pillared workings;

(x) "Serious physical injury" means an injury which has a reasonable potential to cause death;

(y) "Shaft" means a vertical opening through the strata that is used in connection with the mining of coal, for the purpose of ventilation or drainage, or for hoisting men, coal, or materials;

(z) "Slope" means an inclined opening used for the same purpose as a shaft;

(aa) "Superintendent" means the person who, on behalf of the licensee, has immediate supervision of one (1) or more mines;

(ab) "Supervisory personnel" means a person certified under the provisions of this chapter to assist in the supervision of a portion or the whole of the mine or of the persons employed therein;

(ac) "Division" means the Division of Mine Safety;

(ad) "Director" means the director of the Division of Mine Safety;

(ae) "Probation" means the status of a certification or license issued by the Division of Mine Safety that conditions the validity of the certification or license upon compliance with orders of the Mine Safety Review Commission; ~~[and]~~

(af) "Final order of the commission" means an order which has not been appealed to the Franklin Circuit Court within thirty (30) days of entry, or an order affirming the commission's order that has been entered by any court within the Commonwealth and for which all appeals have been exhausted***;***

(ag) "Emergency medical technician" has the same meaning as in KRS 311A.010; and

(ah) "Mine emergency technician" means a person that holds a current surface or underground miner's certification in the Commonwealth and that has been certified as having met all the requirements prescribed by the Division of Mine Safety for that certification.

(2) Except as the context otherwise requires, this chapter applies only to commercial coal mines.

(3) The definitions in KRS 352.010 apply also to this chapter, unless the context requires otherwise.

➔Section 2. KRS 351.127 is amended to read as follows:

(1) Certified emergency medical technicians or mine emergency technicians shall be employed at every licensed coal mine whose employees are actively engaged in the extraction, production, or preparation of coal. Persons employed as mine emergency technicians shall be trained in a manner established in an administrative regulation promulgated by the department. Persons seeking certification as a mine emergency medical technician or mine emergency technician shall be subject to the following additional requirements:

(a) All persons seeking certification as a mine emergency technician shall demonstrate drug- and alcohol-free status in accordance with KRS 351.182 and 351.183;

(b) The drug and alcohol testing for those seeking certification as mine emergency technicians shall be administered prior to the examination for the certification, in accordance with KRS 351.182 and 351.183; and

(c) Certification as a mine emergency technician shall not be issued until the results of the drug and alcohol testing have been obtained. Notification shall be given to the person in accordance with KRS 351.184.

(2) These emergency medical technicians or mine emergency technicians shall be employed in the following manner:

(a) ***Except as otherwise provided in paragraph (b) of this subsection, for every shift engaged in the production of coal at a surface or underground coal mining operation, there shall be:***

1. One (1) emergency medical or mine emergency technician employed on every shift with ten (10) or fewer miners employed on the shift; and

2. Two (2) emergency medical or mine emergency technicians employed on every shift with more than ten (10) but fewer than fifty-one (51) miners employed on the shift; and~~[At least two (2) emergency medical or mine emergency technicians shall be employed on every shift engaged in the production of coal, and at least one (1) emergency medical or mine emergency technician shall be employed on every nonproduction shift;]~~

(b) ***For underground mines only, on every shift with more than fifty (50) miners working on the shift, there shall be one (1) additional emergency medical technician or mine emergency technician for each additional fifty (50) miners, or any portion thereof, engaged in the extraction, production, or preparation of coal and***~~[For underground mines]~~, at least one (1) ~~[of the two (2)]~~emergency ***medical*** or mine emergency ***technician***~~[technicians]~~ shall be underground at all times while miners are working in the mines ***regardless of how many miners are working on the shift***.~~[An additional emergency medical technician or mine emergency technician shall be employed for every additional fifty (50), or any portion thereof, employees per shift who are actively engaged in the extraction, production, or preparation of coal.]~~

(3) If these emergency medical technicians or mine emergency technicians are also employed in other capacities at the coal mine, they shall be available for quick response to emergencies and shall have available to them at all times the equipment necessary to respond to emergencies, as prescribed by the commissioner.

(4) If the licensee selects existing employees to be trained as emergency medical technicians or mine emergency technicians, the employees selected shall be paid their regular wages during training.

(5) Certified emergency medical technicians and mine emergency technicians shall receive annual retraining in the manner established in an administrative regulation promulgated by the department, during which they shall receive their regular wages.

Became law without Governor's signature March 25, 2025.

CHAPTER 81

(HB 15)

AN ACT relating to instruction permits and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 186.450 is amended to read as follows:

(1) A person who is at least ***fifteen (15) years***~~[sixteen (16) years]~~ of age may apply for an instruction permit to operate a motor vehicle. Except as provided in subsection (9) of this section, a person who possesses a valid intermediate motor vehicle operator's license issued under KRS 186.452 or a person who is at least eighteen (18) years of age may apply for an instruction permit to operate a motorcycle. A holder of either a motor vehicle or motorcycle instruction permit may also operate a moped under that permit. A person applying for an instruction permit under this section shall make application to the Transportation Cabinet. A person applying for an instruction permit shall be required to comply with the following:

(a) If the person is under the age of eighteen (18), the instruction permit application shall be signed by the applicant's parent or legal guardian. If the person does not have a living parent or does not have a legal guardian, the instruction permit application shall be signed by a person willing to assume responsibility for the applicant pursuant to KRS 186.590;

(b) If the person is under the age of eighteen (18) and in the custody of the Cabinet for Health and Family Services, the instruction permit application shall be signed by:

1. The applicant's parent, legal guardian, grandparent, adult sibling, aunt, or uncle if the parental rights have not been terminated in accordance with KRS Chapter 625;

2. The foster parent with whom the applicant resides;

3. Another person who is at least age eighteen (18) and is willing to assume responsibility for the applicant pursuant to KRS 186.590; or

4. The applicant, without another person, upon verification by the Cabinet for Health and Family Services in accordance with KRS 605.102 that shall include proof of financial responsibility in accordance with KRS 186.590(2); and

(c) All applicants for an instruction permit shall comply with the examinations required by KRS 186.480.

(2) If an applicant successfully passes the examinations required by KRS 186.480, the applicant shall be issued an instruction permit upon payment of the fee set forth in KRS 186.531.

(3) (a) An instruction permit to operate a motor vehicle shall be valid for ***four (4)***~~[three (3)]~~ years and may be renewed. An instruction permit to operate a motorcycle shall be valid for one (1) year and may be renewed one (1) time.

(b) Except as provided in KRS 186.415, a person who has attained the age of sixteen (16) years and is under the age of eighteen (18) years shall have ***held an***~~[the]~~ instruction permit a minimum of one hundred eighty (180) days before applying for an intermediate license and shall have ***held*** an intermediate license for a minimum of one hundred eighty (180) days before applying for an operator's license.

(c) A person who was under eighteen (18) years of age at the time of application for an instruction permit and is eighteen (18) years of age or older shall have the instruction permit a minimum of one hundred eighty (180) days and complete a driver training program under KRS 186.410(4) before applying for an operator's license.

(d) A person who is at least eighteen (18) years of age and is under the age of twenty-one (21) years at the time of application for an instruction permit shall have the instruction permit a minimum of one hundred eighty (180) days before applying for an operator's license.

(e) A person who is at least twenty-one (21) years of age at the time of application for an instruction permit shall have the instruction permit a minimum of thirty (30) days before applying for an operator's license.

(f) In accordance with KRS 176.5062(5), a person whose motorcycle instruction permit has expired may apply to the cabinet to receive a motorcycle operator's license or endorsement if the person presents

proof of successful completion of a motorcycle safety education course approved by the Transportation Cabinet under KRS 176.5061 to 176.5069.

(4) (a) A person shall have the instruction permit in his or her possession at all times when operating a motor vehicle, motorcycle, or moped upon the highway.

(b) When operating a motor vehicle, a motor vehicle instruction permit holder shall be accompanied by a person with a valid operator's license who is at least twenty-one (21) years of age occupying the seat beside the operator at all times.

(c) The requirements of paragraph (b) of this subsection shall not apply to a motor vehicle instruction permit holder being supervised on a multiple-vehicle driving range by a driver training instructor affiliated with a driver training school licensed under KRS Chapter 332 or a public or nonpublic secondary school.

(5) A person with an instruction permit who is under the age of eighteen (18) shall not operate a motor vehicle, motorcycle, or moped between the hours of 12 midnight and 6 a.m. unless the person can demonstrate good cause for driving, including but not limited to emergencies, involvement in school-related activities, or involvement in work-related activities.

(6) Except when accompanied by a driver training instructor affiliated with a driver training school licensed under KRS Chapter 332 or a public or nonpublic secondary school, a person with an instruction permit who is under the age of eighteen (18) years shall not operate a motor vehicle at any time when accompanied by more than one (1) unrelated person who is under the age of twenty (20) years. A peace officer shall not stop or seize a person nor issue a uniform citation for a violation of this subsection if the officer has no other cause to stop or seize the person other than a violation of this subsection. This subsection shall not apply to any operator of a vehicle registered under the provisions of KRS 186.050(4) who is engaged in agricultural activities.

(7) A violation under subsection (4), (5), or (6) of this section, a conviction for a moving violation under KRS Chapter 189 for which points are assessed by the cabinet, or a conviction for a violation of KRS 189A.010(1) shall add an additional minimum of one hundred eighty (180) days from the date of the violation before a person who is under the age of eighteen (18) years may apply for an intermediate license to operate a motor vehicle, motorcycle, or moped.

(8) A person under the age of eighteen (18) who accumulates more than six (6) points against his or her driving privilege may have the driving privilege suspended pursuant to KRS Chapter 186 or probated by the court.

(9) An applicant who presents evidence of successful completion of an approved rider training course under KRS 176.5062 shall not be required to obtain a motorcycle instruction permit prior to obtaining a motorcycle operator's license.

(10) The Transportation Cabinet shall promulgate administrative regulations, in accordance with KRS Chapter 13A, to establish procedures for:

(a) Minors who reside with individuals in informal guardianship arrangements to have an adult who resides with them sign the minor's application and assume responsibility in accordance with subsection (1) of this section;

(b) Individuals who have signed for responsibility under subsection (1) of this section to rescind that assumption of responsibility;

(c) Notifying minors when an adult has rescinded responsibility under subsection (1) of this section; and

(d) Allowing minors for whom an adult has rescinded responsibility under subsection (1) of this section, to obtain a new signature of an individual assuming responsibility without having to retake any examinations the minor has successfully passed.

➔Section 2. KRS 186.410 is amended to read as follows:

(1) Except as provided in subsection (6) of this section, every person not exempted by KRS 186.420 and 186.430 shall, before operating a motor vehicle, motorcycle, or moped upon a highway, secure an operator's license as provided in this chapter.

(2) Except as provided in KRS 186.4121, all original, renewal, and duplicate personal identification cards and licenses for the operation of motor vehicles or motorcycles shall be applied for with the Transportation Cabinet, or through alternative technology, and issued by the Transportation Cabinet. Subject to the provisions of KRS 186.4101, applications for renewal licenses and personal identification cards shall be made every eight

(8) years within the birth month of the applicant. A license shall not be issued until the application has been certified by the cabinet and the applicant has, if required under KRS 186.635, successfully completed the examinations required under KRS 186.480.

(3) All personal identification cards shall be issued under the provisions of KRS 186.4102, 186.4122, and 186.4123.

(4) A person under the age of eighteen (18) years who applies for an instruction permit shall, at any time between the age of ***fifteen (15) years***~~[sixteen (16)]~~ and before the person's eighteenth birthday, enroll in one (1) of the following driver training programs:

(a) A driver's education course administered by a school district;

(b) A driver training school licensed pursuant to KRS Chapter 332 which offers a course meeting or exceeding the minimum standards established by the Transportation Cabinet; or

(c) State traffic school. The person may seek to enroll in state traffic school before the person's eighteenth birthday. Persons enrolling in state traffic school pursuant to this paragraph shall not be required to pay a fee.

(5) Any applicant for any initial or renewal instruction permit, operator's license, or personal identification card under KRS 186.400 to 186.640 may apply for either:

(a) A voluntary travel ID document; or

(b) A standard document that does not meet standards for federal identification purposes.

(6) When an automated driving system as defined in KRS 186.760 is installed on a motor vehicle and is engaged, and the motor vehicle is operating as a fully autonomous vehicle as defined in KRS 186.760, the:

(a) Owner of the motor vehicle is considered the operator of the fully autonomous vehicle and shall comply with applicable traffic or motor vehicle laws, regardless of whether the owner is physically present in the vehicle while the vehicle is operating; and

(b) Automated driving system is considered to be licensed to operate the vehicle and a licensed human operator is not required to operate the motor vehicle.

➔Section 3. KRS 186.452 is amended to read as follows:

(1) Except as provided in KRS 186.415, a person who is under eighteen (18) years of age may apply for an intermediate license to operate a motor vehicle if the person has:

(a) ***Attained the age of sixteen (16) years;***

(b) Held an instruction permit a minimum of one hundred eighty (180) days without a violation under KRS 186.450(4), (5), or (6), a conviction for a violation of KRS 189.292 or 189.294, a conviction for a moving violation under KRS Chapter 189 for which points are assessed by the cabinet, or a conviction for a violation of KRS 189A.010(1); and

(c)~~[(b)]~~ Presented a statement to the Department of Kentucky State Police signed by a parent or guardian of the applicant attesting that the applicant has completed at least sixty (60) hours of supervised driving experience, including at least ten (10) hours at night, while accompanied by a person who has attained the age of twenty-one (21) years and holds a valid operator's license occupying the seat beside the applicant.

(2) If an applicant for an intermediate license successfully completes the examinations required under KRS 186.480, the Department of Kentucky State Police shall affix an intermediate license sticker to the instruction permit and report the applicant's new status to the Transportation Cabinet. The Transportation Cabinet shall update the information in its computer system to reflect that the applicant has been granted an intermediate license. An intermediate license shall be valid for two (2) years and may be renewed.

(3) A person shall have the intermediate license in his or her possession at all times when operating a motor vehicle.

(4) A person with an intermediate license who is under the age of eighteen (18) years shall not operate a motor vehicle, motorcycle, or moped between the hours of 12 midnight and 6 a.m. unless the person can demonstrate good cause for driving, including emergencies, involvement in school-related activities, or involvement in work-related activities.

(5) Except when accompanied by a driver training instructor affiliated with a driver training school licensed under KRS Chapter 332 or a public or nonpublic secondary school, a person with an intermediate license who is under the age of eighteen (18) years shall not operate a motor vehicle at any time when accompanied by more than one (1) unrelated person who is under the age of twenty (20) years. A peace officer shall not stop or seize a person nor issue a uniform citation for a violation of this subsection if the officer has no other cause to stop or seize the person other than a violation of this subsection. This subsection shall not apply to any operator of a vehicle registered under the provisions of KRS 186.050(4) who is engaged in agricultural activities.

(6) A violation under subsection (3), (4), or (5) of this section, a conviction for a moving violation under KRS Chapter 189 for which points are assessed by the cabinet, or a conviction for a violation of KRS 189A.010(1) shall add an additional minimum of one hundred eighty (180) days from the date of the violation before a person who is under the age of eighteen (18) years may apply for an operator's license.

➔Section 4. KRS 186.454 is amended to read as follows:

(1) Except as provided in KRS 186.415, a person with an intermediate license who is under the age of eighteen (18) years may apply for an operator's license to operate a motor vehicle if the person has:

(a) ***Attained the age of seventeen (17) years;***

(b) Held an intermediate license for a minimum of one hundred eighty (180) days without a conviction for a moving violation under KRS Chapter 189 for which points are assessed by the cabinet, a conviction for a violation of KRS 189.292 or 189.294, a conviction for a violation of KRS 189A.010(1), or a conviction under KRS 186.452(3), (4), or (5); and

(c)~~[(b)]~~ Completed a driver training program under KRS 186.410(4).

(2) A person with an intermediate license who is eighteen (18) years of age or older may apply for an operator's license to operate a motor vehicle if the person has completed a driver training program under KRS 186.410(4).

➔Section 5. KRS 159.051 is amended to read as follows:

(1) When a student ***who is at least fifteen (15) years of age but less than eighteen (18) years of age***~~[age sixteen (16) or seventeen (17)]~~ drops out of school or is declared to be academically deficient, the school administrator or his ***or her*** designee shall notify the superintendent of schools of the district in which the student is a resident or is enrolled. The reports shall be made at the end of each semester but may be made earlier in the semester for accumulated absences. A student shall be deemed to have dropped out of school when he ***or she*** has nine (9) or more unexcused absences in the preceding semester. Any absences due to suspension shall be unexcused absences. A student shall be deemed to be academically deficient when he ***or she*** has not received passing grades in at least four (4) courses, or the equivalent of four (4) courses, in the preceding semester. The local school board shall adopt a policy to reflect a similar standard for academic deficiency for students in alternative, special education, or part-time programs.

(2) Within ten (10) days after receiving the notification, the superintendent shall report the student's name and Social Security number to the Transportation Cabinet. As soon as possible thereafter, the cabinet shall notify the student that his ***or her*** operator's license, intermediate license, permit, or privilege to operate a motor vehicle has been revoked or denied and shall inform the student of his ***or her*** right to a hearing before the District Court of appropriate venue to show cause as to the reasons ***the***~~[his]~~ license, permit, or privilege should be reinstated. Within fifteen (15) days after this notice is sent, the custodial parent, legal guardian, or next friend of the student may request an ex parte hearing before the District Court. The student shall not be charged District Court filing fees. The notification shall inform the student that he ***or she*** is not required to have legal counsel.

(3) In order for the student to have ***the***~~[his]~~ license reinstated, the court shall be satisfied that:

(a) The license is needed to meet family obligations or family economic considerations which, if unsatisfied, would create an undue hardship; or

(b) The student is the only licensed driver in the household; or

(c) The student is not considered a dropout or academically deficient pursuant to this section.

If the student satisfies the court, the court shall notify the cabinet to reinstate the student's license at no cost. The student, if aggrieved by a decision of the court issued pursuant to this section, may appeal the decision

within thirty (30) days to the Circuit Court of appropriate venue. A student who is being schooled at home shall be considered to be enrolled in school.

(4) A student who has had his ***or her*** license revoked under~~[the provisions of]~~ this section may reapply for ***a***~~[his driver's]~~ license as early as the end of the semester during which he ***or she*** enrolls in school and successfully completes the educational requirements. A student may also reapply for ***a***~~[his driver's]~~ license at the end of a summer school semester which results in the student having passed at least four (4) courses, or the equivalent of four (4) courses, during the successive spring and summer semesters, and the courses meet the educational requirements for graduation. ***The student***~~[He]~~ shall provide proof issued by ***the***~~[his]~~ school within the preceding sixty (60) days that he ***or she*** is enrolled and is not academically deficient.

➔Section 6. Whereas there is a need to expand economic and cultural opportunities for the Commonwealth's youth through increased transportation options, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 25, 2025.

CHAPTER 82

(SB 202)

AN ACT relating to regulated beverages and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 241.010 is amended to read as follows:

As used in KRS Chapters 241 to 244, unless the context requires otherwise:

(1) "Alcohol" means ethyl alcohol, hydrated oxide of ethyl or spirit of wine, from whatever source or by whatever process it is produced;

(2) "Alcoholic beverage" means every liquid, solid, powder, or crystal, whether patented or not, containing alcohol in an amount in excess of more than one percent (1%) of alcohol by volume, which is fit for beverage purposes. It includes every spurious or imitation liquor sold as, or under any name commonly used for, alcoholic beverages, whether containing any alcohol or not. It does not include the following products:

(a) Medicinal preparations manufactured in accordance with formulas prescribed by the United States Pharmacopoeia, National Formulary, or the American Institute of Homeopathy;

(b) Patented, patent, and proprietary medicines;

(c) Toilet, medicinal, and antiseptic preparations and solutions;

(d) Flavoring extracts and syrups;

(e) Denatured alcohol or denatured rum;

(f) Vinegar and preserved sweet cider;

(g) Wine for sacramental purposes; and

(h) Alcohol unfit for beverage purposes that is to be sold for legitimate external use;

(3) (a) "Alcohol vaporizing device" or "AWOL device" means any device, machine, or process that mixes liquor, spirits, or any other alcohol product with pure oxygen or by any other means produces a vaporized alcoholic product used for human consumption;

(b) "Alcohol vaporizing device" or "AWOL device" does not include an inhaler, nebulizer, atomizer, or other device that is designed and intended by the manufacturer to dispense a prescribed or over-the-counter medication or a device installed and used by a licensee under this chapter to demonstrate the aroma of an alcoholic beverage;

(4) "Automobile race track" means a facility primarily used for vehicle racing that has a seating capacity of at least thirty thousand (30,000) people;

(5) "Barrel-aged and batched cocktail" means an alcoholic beverage that is:

(a) Composed of:

1. Distilled spirits that have been dispensed from their original sealed container; and

2. Other ingredients or alcoholic beverages;

(b) Placed into a barrel or container on the premises of a retail licensee; and

(c) Dispensed from the barrel or container as a retail sale by the drink;

(6) "Bed and breakfast" means a one (1) family dwelling unit that:

(a) Has guest rooms or suites used, rented, or hired out for occupancy or that are occupied for sleeping purposes by persons not members of the single-family unit;

(b) Holds a permit under KRS Chapter 219; and

(c) Has an innkeeper who resides on the premises or property adjacent to the premises during periods of occupancy;

(7) "Board" means the State Alcoholic Beverage Control Board created by KRS 241.030;

(8) "Bottle" means any container which is used for holding alcoholic beverages for the use and sale of alcoholic beverages at retail;

(9) "Brewer" means any person who manufactures malt beverages or owns, occupies, carries on, works, or conducts any brewery, either alone or through an agent;

(10) "Brewery" means any place or premises where malt beverages are manufactured for sale, and includes all offices, granaries, mash rooms, cooling rooms, vaults, yards, and storerooms connected with the premises; or where any part of the process of the manufacture of malt beverages is carried on; or where any apparatus connected with manufacture is kept or used; or where any of the products of brewing or fermentation are stored or kept;

(11) "Building containing licensed premises" means the licensed premises themselves and includes the land, tract of land, or parking lot in which the premises are contained, and any part of any building connected by direct access or by an entrance which is under the ownership or control of the licensee by lease holdings or ownership;

(12) "Cannabinoid" means a compound found in the hemp plant Cannabis sativa L. from a United States Department of Agriculture sanctioned domestic hemp production program and does not include cannabinoids derived from any other substance;

(13) "Cannabis-infused beverage":

(a) Means a properly permitted adult-use cannabinoid liquid product intended for human consumption that has intoxicating properties that change the function of the nervous system and results in alterations of perception, cognition, or behavior and shall not contain more than five (5) milligrams of intoxicating adult-use cannabinoids per twelve (12) ounce serving; and

(b) Shall not include:

1. Medicinal cannabis regulated under KRS Chapter 218B;

2. Any type of hemp tincture; and

3. Any product containing solely nonintoxicating cannabinoids;

(14) ~~[(12)]~~ "Caterer" means a person operating a food service business that prepares food in a licensed and inspected commissary, transports the food and alcoholic beverages to the caterer's designated and inspected banquet hall or to an agreed location, and serves the food and alcoholic beverages pursuant to an agreement with another person;

(15) ~~[(13)]~~ "Charitable organization" means a nonprofit entity recognized as exempt from federal taxation under section 501(c) of the Internal Revenue Code (26 U.S.C. sec. 501(c)) or any organization having been established and continuously operating within the Commonwealth of Kentucky for charitable purposes for three (3) years and which expends at least sixty percent (60%) of its gross revenue exclusively for religious, educational, literary, civic, fraternal, or patriotic purposes;

(16) ~~[(14)]~~ "Cider" means any fermented fruit-based beverage containing seven percent (7%) or more alcohol by volume and includes hard cider and perry cider;

(17) ~~[(15)]~~ "City administrator" means city alcoholic beverage control administrator;

(18) ~~[(16)]~~ "Commercial airport" means an airport through which more than five hundred thousand (500,000) passengers arrive or depart annually;

(19) ~~[(17)]~~ (a) "Commercial quadricycle" means a vehicle equipped with a minimum of ten (10) pairs of fully operative pedals for propulsion by means of human muscular power and which:

1. Has four (4) wheels;
2. Is operated in a manner similar to that of a bicycle;
3. Is equipped with a minimum of thirteen (13) seats for passengers;
4. Has a unibody design;
5. Is equipped with a minimum of four (4) hydraulically operated brakes;
6. Is used for commercial tour purposes;
7. Is operated by the vehicle owner or an employee of the owner; and
8. Has an electrical assist system that shall only be used when traveling to or from its storage location while not carrying passengers.

(b) A "commercial quadricycle" is not a motor vehicle as defined in KRS 186.010 or 189.010;

(20) ~~[(18)]~~ "Commissioner" means the commissioner of the Department of Alcoholic Beverage Control;

(21) ~~[(19)]~~ "Consumer" means a person, persons, or business organization who purchases alcoholic beverages and who:

(a) Does not hold a license or permit issued by the department;

(b) Purchases the alcoholic beverages for personal consumption only and not for resale;

(c) Is of lawful drinking age; and

(d) Receives the alcoholic beverages in territory where the alcoholic beverages may be lawfully sold or received;

(22) ~~[(20)]~~ "Convention center" means any facility which, in its usual and customary business, provides seating for a minimum of one thousand (1,000) people and offers convention facilities and related services for seminars, training and educational purposes, trade association meetings, conventions, or civic and community events or for plays, theatrical productions, or cultural exhibitions;

(23) ~~[(21)]~~ "Convicted" and "conviction" means a finding of guilt resulting from a plea of guilty, the decision of a court, or the finding of a jury, irrespective of a pronouncement of judgment or the suspension of the judgment;

(24) ~~[(22)]~~ "County administrator" means county alcoholic beverage control administrator;

(25) ~~[(23)]~~ "Department" means the Department of Alcoholic Beverage Control;

(26) ~~[(24)]~~ "Dining car" means a railroad passenger car that serves meals to consumers on any railroad or Pullman car company;

(27) ~~[(25)]~~ "Discount in the usual course of business" means price reductions, rebates, refunds, and discounts given by wholesalers to distilled spirits and wine retailers pursuant to an agreement made at the time of the sale of the merchandise involved and are considered a part of the sales transaction, constituting reductions in price pursuant to the terms of the sale, irrespective of whether the quantity discount was:

(a) Prorated and allowed on each delivery;

(b) Given in a lump sum after the entire quantity of merchandise purchased had been delivered; or

(c) Based on dollar volume or on the quantity of merchandise purchased;

(28) ~~[(26)]~~ "Distilled spirits" or "spirits" means any product capable of being consumed by a human being which contains alcohol obtained by distilling, mixed with water or other substances in solution, except wine, hard cider, and malt beverages;

(29) ~~[(27)]~~ "Distiller" means any person who is engaged in the business of manufacturing distilled spirits at any distillery in the state and is registered in the Office of the Collector of Internal Revenue for the United States at Louisville, Kentucky;

(30) ~~[(28)]~~ "Distillery" means any place or premises where distilled spirits are manufactured for sale, and which are registered in the office of any collector of internal revenue for the United States. It includes any United States government bonded warehouse;

(31) ~~[(29)]~~ "Distributor" means any person who distributes malt beverages for the purpose of being sold at retail;

(32) ~~[(30)]~~ "Dry" means a territory in which a majority of the electorate voted to prohibit all forms of retail ***alcoholic beverage*** ~~[alcohol]~~ sales through a local option election held under KRS Chapter 242;

(33) ~~[(31)]~~ "Election" means:

(a) An election held for the purpose of taking the sense of the people as to the application or discontinuance of alcoholic beverage sales under KRS Chapter 242; or

(b) Any other election not pertaining to ***alcoholic beverages*** ~~[alcohol]~~;

(34) ~~[(32)]~~ "Horse racetrack" means a facility licensed to conduct a horse race meeting under KRS Chapter 230;

(35) ~~[(33)]~~ "Hotel" means a hotel, motel, or inn for accommodation of the traveling public, designed primarily to serve transient patrons;

(36) ~~[(34)]~~ "Investigator" means any employee or agent of the department who is regularly employed and whose primary function is to travel from place to place for the purpose of visiting licensees, and any employee or agent of the department who is assigned, temporarily or permanently, by the commissioner to duty outside the main office of the department at Frankfort, in connection with the administration of alcoholic beverage statutes;

(37) ~~[(35)]~~ "License" means any license issued pursuant to KRS Chapters 241 to 244;

(38) ~~[(36)]~~ "Licensee" means any person to whom a license has been issued, pursuant to KRS Chapters 241 to 244;

(39) ~~[(37)]~~ "Limited restaurant" means:

(a) A facility where the usual and customary business is the preparation and serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its food and alcoholic beverage receipts from the sale of food, which maintains a minimum seating capacity of fifty (50) persons for dining, which has no open bar, which requires that alcoholic beverages be sold in conjunction with the sale of a meal, and which is located in a wet or moist territory under KRS 242.1244; or

(b) A facility where the usual and customary business is the preparation and serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its food and alcoholic beverage receipts from the sale of food, which maintains a minimum seating capacity of one hundred (100) persons of dining, and which is located in a wet or moist territory under KRS 242.1244;

(40) ~~[(38)]~~ "Local administrator" means a city alcoholic beverage ***control*** administrator, county alcoholic beverage ***control*** administrator, or urban-county alcoholic beverage control administrator;

(41) ~~[(39)]~~ "Malt beverage" means any fermented undistilled alcoholic beverage of any name or description, manufactured from malt wholly or in part, or from any substitute for malt, and includes weak cider;

(42) ~~[(40)]~~ "Manufacture" means distill, rectify, brew, bottle, and operate a winery;

(43) ~~[(41)]~~ "Manufacturer" means a winery, distiller, rectifier, or brewer, and any other person engaged in the production or bottling of alcoholic beverages;

(44) ~~[(42)]~~ "Marina" means a dock or basin providing moorings for boats and offering supply, repair, or other services for remuneration;

(45) ~~[(43)]~~ "Minor" means any person who is not twenty-one (21) years of age or older;

(46) ~~[(44)]~~ "Moist" means a territory in which a majority of the electorate voted to permit limited ***alcoholic beverage*** ~~[alcohol]~~ sales by any one (1) or a combination of special limited local option elections authorized by KRS Chapter 242;

(47) ~~[(45)]~~ "Population" means the population figures established by the federal decennial census for a census year or the current yearly population estimates prepared by the Kentucky State Data Center, Urban Studies Center of the University of Louisville, Louisville, Kentucky, for all other years;

(48) ~~[(46)]~~ "Premises" means the land and building in and upon which any business regulated by alcoholic beverage statutes is operated or carried on. "Premises" shall not include as a single unit two (2) or more separate businesses of one (1) owner on the same lot or tract of land, in the same or in different buildings if physical and permanent separation of the premises is maintained, excluding employee access by keyed entry and emergency exits equipped with crash bars, and each has a separate public entrance accessible directly from the sidewalk or parking lot. Any licensee holding an alcoholic beverage license on July 15, 1998, shall not, by reason of this subsection, be ineligible to continue to hold his or her license or obtain a renewal, of the license;

(49) ~~[(47)]~~ "Primary source of supply" or "supplier" means the distiller, winery, brewer, producer, owner of the commodity at the time it becomes a marketable product, bottler, or authorized agent of the brand owner. In the case of imported products, the primary source of supply means either the foreign producer, owner, bottler, or agent of the prime importer from, or the exclusive agent in, the United States of the foreign distiller, producer, bottler, or owner;

(50) ~~[(48)]~~ "Private club" means a nonprofit social, fraternal, military, or political organization, club, or nonprofit or for-profit entity maintaining or operating a club room, club rooms, or premises from which the general public is excluded;

(51) ~~[(49)]~~ "Private selection event" means a private event with a licensed distiller during which participating consumers, retail licensees, wholesalers, distributors, or a distillery's own representatives select a single barrel or a blend of barrels of the distiller's products to be specially packaged for the participants;

(52) ~~[(50)]~~ "Private selection package" means a bottle of distilled spirits sourced from the barrel or barrels selected by participating consumers, retail licensees, wholesalers, distributors, microbreweries that hold a quota retail drink or quota retail package license, or a distillery's own representatives during a private selection event;

(53) ~~[(51)]~~ "Public nuisance" means a condition that endangers safety or health, is offensive to the senses, or obstructs the free use of property so as to interfere with the comfortable enjoyment of life or property by a community or neighborhood or by any considerable number of persons;

(54) ~~[(52)]~~ "Qualified historic site" means:

(a) A contributing property with dining facilities for at least fifty (50) persons at tables, booths, or bars where food may be served within a commercial district listed in the National Register of Historic Places;

(b) A site that is listed as a National Historic Landmark or in the National Register of Historic Places with dining facilities for at least fifty (50) persons at tables, booths, or bars where food may be served;

(c) A distillery which is listed as a National Historic Landmark and which conducts souvenir retail package sales under KRS 243.0305; or

(d) A not-for-profit or nonprofit facility listed on the National Register of Historic Places;

(55) ~~[(53)]~~ "Rectifier" means any person who rectifies, purifies, or refines distilled spirits, malt, or wine by any process other than as provided for on distillery premises, and every person who, without rectifying, purifying, or refining distilled spirits by mixing alcoholic beverages with any materials, manufactures any imitations of or compounds liquors for sale under the name of whiskey, brandy, gin, rum, wine, spirits, cordials, bitters, or any other name;

(56) ~~[(54)]~~ "Repackaging" means the placing of alcoholic beverages in any retail container irrespective of the material from which the container is made;

(57) ~~[(55)]~~ "Restaurant" means a facility where the usual and customary business is the preparation and serving of meals to consumers, that has a bona fide kitchen facility, and that receives at least fifty percent (50%) of its food and alcoholic beverage receipts from the sale of food at the premises;

(58) ~~[(56)]~~ "Retail container" means any bottle, can, barrel, or other container which, without a separable intermediate container, holds alcoholic beverages and is suitable and destined for sale to a retail outlet, whether it is suitable for delivery or shipment to the consumer or not;

(59) ~~[(57)]~~ "Retail sale" means any sale of alcoholic beverages to a consumer, including those transactions taking place in person, electronically, online, by mail, or by telephone;

(60) ~~[(58)]~~ "Retailer" means any licensee who sells and delivers any alcoholic beverage to consumers, except for manufacturers with limited retail sale privileges and direct shipper licensees;

(61) ~~[(59)]~~ "Riverboat" means any boat or vessel with a regular place of mooring in this state that is licensed by the United States Coast Guard to carry forty (40) or more passengers for hire on navigable waters in or adjacent to this state;

(62) ~~[(60)]~~ "Sale" means any transfer, exchange, or barter for consideration, and includes all sales made by any person, whether principal, proprietor, agent, servant, or employee, of any alcoholic beverage;

(63) ~~[(61)]~~ "Service bar" means a bar, counter, shelving, or similar structure used for storing or stocking supplies of alcoholic beverages that is a workstation where employees prepare alcoholic beverage drinks to be delivered to customers away from the service bar;

(64) ~~[(62)]~~ "Sell" includes solicit or receive an order for, keep or expose for sale, keep with intent to sell, and the delivery of any alcoholic beverage;

(65) ~~[(63)]~~ "Small farm winery" means a winery whose wine production is not less than two hundred fifty (250) gallons and not greater than five hundred thousand (500,000) gallons in a calendar year;

(66) ~~[(64)]~~ "Souvenir package" means a special package of distilled spirits available from a licensed retailer that is:

(a) Available for retail sale at a licensed Kentucky distillery where the distilled spirits were produced or bottled; or

(b) Available for retail sale at a licensed Kentucky distillery but produced or bottled at another of that distiller's licensed distilleries in Kentucky;

(67) ~~[(65)]~~ "State administrator" or "administrator" means the distilled spirits administrator or the malt beverages administrator, or both, as the context requires;

(68) ~~[(66)]~~ "State park" means a state park that has a:

(a) Nine (9) or eighteen (18) hole golf course; or

(b) Full-service lodge and dining room;

(69) ~~[(67)]~~ "Supplemental bar" means a bar, counter, shelving, or similar structure used for serving and selling distilled spirits or wine by the drink for consumption on the licensed premises to guests and patrons from additional locations other than the main bar;

(70) ~~[(68)]~~ "Territory" means a county, city, district, or precinct;

(71) ~~[(69)]~~ "Urban-county administrator" means an urban-county alcoholic beverage control administrator;

(72) ~~[(70)]~~ "Valid identification document" means an unexpired, government-issued form of identification that contains the photograph and date of birth of the individual to whom it is issued;

(73) ~~[(71)]~~ "Vehicle" means any device or animal used to carry, convey, transport, or otherwise move alcoholic beverages or any products, equipment, or appurtenances used to manufacture, bottle, or sell these beverages;

(74) ~~[(72)]~~ "Vintage distilled spirit" means:

(a) A private selection package; or

(b) A package or packages of distilled spirits that:

1. Are in their original manufacturer's unopened container;

2. Are not owned by a distillery; and

3. Are not otherwise available for purchase from a licensed wholesaler within the Commonwealth;

(75) ~~[(73)]~~ (a) "Vintage distilled spirits seller" means a nonlicensed person at least twenty-one (21) years of age who is:

1. An administrator, executor, receiver, or other fiduciary who receives and sells vintage distilled spirits in execution of the person's fiduciary capacity;

2. A creditor who receives or takes possession of vintage distilled spirits as security for, or in payment of, debt, in whole or in part;

3. A public officer or court official who levies on vintage distilled spirits under order or process of any court or magistrate to sell the vintage distilled spirits in satisfaction of the order or process; or

4. Any other person not engaged in the business of selling alcoholic beverages.

(b) "Vintage distilled spirits seller" does not mean:

1. A person selling alcoholic beverages as part of an approved KRS 243.630 transfer; or

2. A person selling alcoholic beverages as authorized by KRS 243.540;

(76) ~~[(74)]~~ "Warehouse" means any place in which alcoholic beverages are housed or stored;

(77) ~~[(75)]~~ "Weak cider" means any fermented fruit-based beverage containing more than one percent (1%) but less than seven percent (7%) alcohol by volume;

(78) ~~[(76)]~~ "Wet" means a territory in which a majority of the electorate voted to permit all forms of retail ***alcoholic beverage*** ~~[alcohol]~~ sales by a local option election under KRS 242.050 or 242.125 on the following question: "Are you in favor of the sale of alcoholic beverages in (name of territory)?";

(79) ~~[(77)]~~ "Wholesale sale" means a sale to any person for the purpose of resale;

(80) ~~[(78)]~~ "Wholesaler" means any person who distributes alcoholic beverages for the purpose of being sold at retail, but it shall not include a subsidiary of a manufacturer or cooperative of a retail outlet;

(81) ~~[(79)]~~ "Wine" means the product of the normal alcoholic fermentation of the juices of fruits, with the usual processes of manufacture and normal additions, and includes champagne and sparkling and fortified wine of an alcoholic content not to exceed twenty-four percent (24%) by volume. It includes sake, cider, hard cider, and perry cider and also includes preparations or mixtures vended in retail containers if these preparations or mixtures contain not more than fifteen percent (15%) of alcohol by volume. It does not include weak cider; and

(82) ~~[(80)]~~ "Winery" means any place or premises in which wine is manufactured from any fruit, or brandies are distilled as a by-product of wine or other fruit, or cordials are compounded, except a place or premises that manufactures wine for sacramental purposes exclusively.

➔Section 2. KRS 241.020 is amended to read as follows:

(1) The department shall administer statutes relating to, and regulate traffic in, alcoholic beverages, except that the collection of taxes shall be administered by the Department of Revenue. The department may issue advisory opinions and declaratory rulings related to KRS Chapters 241 to 244 and the administrative regulations promulgated under those chapters.

(2) ***Notwithstanding any other statute or administrative regulation to the contrary, the department shall have authority to administer statutes relating to, and regulate the retail licensing and distribution of, cannabis-infused beverages.***

(3) A Division of Distilled Spirits, under the supervision of the board, shall administer the laws in relation to traffic in distilled spirits***,*** ~~[and]~~ wine***, and cannabis-infused beverages***.

(4) ~~[(3)]~~ A Division of Malt Beverages, under the supervision of the board, shall administer the laws in relation to traffic in malt beverages.

➔Section 3. KRS 241.060 is amended to read as follows:

The board shall have the following functions, powers, and duties:

(1) To promulgate reasonable administrative regulations governing procedures relative to the applications for and revocations of licenses, the supervision and control of the use, manufacture, sale, transportation, storage, advertising, and trafficking of alcoholic beverages, ***the retail licensing and distribution of cannabis-infused beverages,*** and all other matters over which the board has jurisdiction. The only administrative regulation that shall be promulgated in relation to the direct shipper license is to establish the license application, as set forth in KRS 243.027(4). To the extent any administrative regulation previously promulgated is contrary to the provisions of KRS 13A.120(2), the board shall repeal or amend the administrative regulation as necessary by January 1, 2022. Administrative regulations need not be uniform in their application but may vary in accordance with reasonable classifications;

(2) To limit~~[in its sound discretion]~~ the number of licenses of each kind or class to be issued in this state or any political subdivision, and restrict the locations of licensed premises. To this end, the board may make reasonable division and subdivision of the state or any political subdivision into districts. Administrative regulations relating to the approval, denial, and revocation of licenses may be different within the several divisions or subdivisions;

(3) To hold hearings in accordance with the provisions of KRS Chapter 13B. The department may pay witnesses the per diem and mileage provided in KRS 421.015;

(4) To conduct hearings and appeals under KRS 241.150, 241.200, 241.260, 243.470, 243.520, 438.308, 438.309, 438.312, 438.316, and 438.340 and render final orders upon the subjects of the hearings and appeals;

(5) (a) To order the destruction of evidence, other than contraband alcoholic beverages suitable for public auction under paragraph (b) of this subsection, in the department's possession after all administrative and judicial proceedings are conducted.

(b) To dispose of contraband alcoholic beverages through public auction if:

1. A final order relating to those contraband alcoholic beverages has been entered after all administrative and judicial proceedings are conducted, if applicable;

2. The entire proceeds of the public auction are donated to the alcohol wellness and responsibility education fund established in KRS 211.285; and

3. The board deems the inventory safe to release to the public, including but not limited to the alcoholic beverages being in their original, unopened packaging;

(6) To suspend, revoke, or cancel for cause, after a hearing in accordance with KRS Chapter 13B, any license; and

(7) To prohibit the issuance of a license for the premises until the expiration of two (2) years from the time the offense was committed if a violation of KRS Chapters 241 to 244 has taken place on the premises which the owner knew of or should have known of, or was committed or permitted in or on the premises owned by the licensee.

➔Section 4. KRS 241.080 is amended to read as follows:

The distilled spirits administrator may approve and issue or deny any state license authorizing traffic in distilled spirits and wine ***or in cannabis-infused beverages***. The malt beverages administrator may approve and issue or deny any state license authorizing traffic in malt beverages. Both the distilled spirits administrator and the malt beverages administrator may approve and issue or deny state licenses authorizing the traffic in alcoholic beverages.

➔Section 5. KRS 241.090 is amended to read as follows:

State administrators and all investigators shall have the full police powers of peace officers, and their jurisdiction shall be coextensive with the state. They may inspect any premises where alcoholic beverages are manufactured, sold, stored, or otherwise trafficked in ***or any premises where cannabis-infused beverages are sold, stored, or otherwise trafficked in***, without first obtaining a search warrant. They may confiscate any contraband property. The jurisdiction and police powers of state administrators and all investigators during an emergency declared under KRS Chapter 39A shall be subject to the limitations of KRS 39A.090.

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO READ AS FOLLOWS:

(1) (a) The distribution and retail sale of cannabis-infused beverages shall be regulated solely by the Department of Alcoholic Beverage Control. The department shall adopt and exclusively enforce the administrative regulations of the Department for Public Health relating to the distribution and retail sale of cannabis-infused beverages until such time as the Alcoholic Beverage Control Department promulgates its own administrative regulations on the subject on or before July 1, 2026.

(b) The distribution and retail sale of packaged cannabis-infused beverages shall be regulated by the department. On or before July 1, 2026, the department shall promulgate administrative regulations in accordance with KRS Chapter 13A to establish the rules and procedures for this distribution and retail sale.

(c) A local administrator shall only have authority over the distribution and retail sale of cannabis-infused beverages in its territory to the extent expressly authorized by KRS Chapters 241 to 244.

(2) Cannabis-infused beverages shall only be available for retail sale:

(a) By the package;

(b) In wet territory; and

(c) By the holder of both a quota retail package license and a cannabis-infused beverage retail package license.

(3) A person under twenty-one (21) years of age shall not purchase or consume cannabis-infused beverages. All restrictions and offenses related to minors and alcoholic beverages in KRS Chapters 241 to 244 shall also apply in the same manner to minors and cannabis-infused beverages.

(4) If approved as a cannabis-infused beverage manufacturer by the Department for Public Health, that manufacturer may:

(a) Self-distribute cannabis-infused beverages in the same manner as distilled spirits; and

(b) Ship cannabis-infused beverages under a direct shipper license in the same manner that a direct shipper license allows the shipment of alcoholic beverages. A direct shipper licensee may sell or ship to a consumer all types of alcoholic beverages and cannabis-infused beverages that the licensee is authorized to sell.

(5) Cannabis-infused beverages may be shipped and delivered in the same manner as alcoholic beverages.

➔SECTION 7. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO READ AS FOLLOWS:

A cannabis-infused beverage retail package license shall only be issued as a supplemental license to the holder of a quota retail package license. A cannabis-infused beverage retail package license shall authorize the licensee to sell cannabis-infused beverages at retail by the package from the licensed premises only for consumption off the licensed premises only. The licensee shall purchase cannabis-infused beverages only from the holder of a cannabis-infused beverage distributor's license.

➔SECTION 8. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO READ AS FOLLOWS:

(1) A cannabis-infused beverage distributor's license may be issued as a primary license to a qualifying person as determined by the department or as a supplemental license to the holder of a distributor's or wholesaler's license. A cannabis-infused beverage distributor's license shall authorize the licensee to:

(a) Purchase cannabis-infused beverages from:

1. A manufacturer of cannabis-infused beverages that has been approved as a cannabis-infused beverage manufacturer by the Department for Public Health; and

2. Another holder of a cannabis-infused beverage distributor's license; and

(b) Store cannabis-infused beverages and to sell them from its licensed premises to the holder of a:

1. Cannabis-infused beverage retail package license; or

2. Cannabis-infused beverage distributor's license.

(2) A cannabis-infused beverage distributor shall transport cannabis-infused beverages only by a vehicle owned, rented, or leased and operated by the cannabis-infused beverage distributor, which has affixed to its sides at all times a sign of form and size prescribed by the board, containing among other things the name and license number of the licensee. No distilled spirits, wine, or malt beverages shall be transported on the same truck or vehicle with cannabis-infused beverages, except by a common carrier, unless the owner of that truck or vehicle holds the wholesaler's or distributor's license that allows the transport of that type of alcoholic beverage.

(3) A cannabis-infused beverage distributor's license shall be obtained for each separate warehouse, agent, distributor, broker, jobber, or place of business from which orders are received or cannabis-infused beverages are distributed.

(4) The holder of a cannabis-infused beverage distributor's license shall:

(a) Not hold a cannabis-infused beverage retail package license; and

(b) Have a licensed location in Kentucky.

➔Section 9. KRS 243.020 is amended to read as follows:

(1) A person shall not do any act authorized by any kind of license with respect to the manufacture, storage, sale, purchase, transporting, or other traffic in alcoholic beverages ***or the distribution, retail sale, or transportation of cannabis-infused beverages*** unless the person holds or is an independent contractor, agent, servant, or employee of a person who holds the kind of license that authorizes the act, or is a third party utilized by a direct shipper licensee as set forth in KRS 243.027.

(2) The holding of any permit from the United States government to traffic in alcoholic beverages without the corresponding requisite state and local licenses shall in all cases raise a rebuttable presumption that the holder of the United States permit is unlawfully trafficking in alcoholic beverages.

(3) Except as permitted by KRS 243.033, 243.036, 243.155, 243.157, and 243.260, a person, conducting a place of business patronized by the public, who is not a licensee authorized to sell alcoholic beverages, shall not permit any person to sell, barter, loan, give away, or drink alcoholic beverages on the premises of the place of business.

(4) A licensee shall not permit any consumer to possess, give away, or drink alcoholic beverages ***or cannabis-infused beverages*** on the licensed premises that are not purchased from the licensee.

(5) In a moist territory, the only types of licenses that may be issued are those that directly correspond with the types of sales approved by the voters through moist elections within the territory, unless otherwise specifically authorized by statute.

(6) Notwithstanding subsections (3) and (4) of this section, with the written permission of a licensed entertainment destination center:

(a) A retail drink licensee located wholly within a licensed entertainment destination center or that has a storefront sharing a physical boundary with that licensed entertainment destination center may allow persons on the licensee's premises to possess and drink alcoholic beverages that were purchased from another retail drink licensee located wholly within, or that has a storefront sharing a physical boundary with, the licensed entertainment destination center; and

(b) A nonlicensed place of business that is located wholly within a licensed entertainment destination center or that has a storefront sharing a physical boundary with that licensed entertainment destination center may allow persons on its property to possess and drink alcoholic beverages that were purchased from a retail drink licensee located wholly within, or that has a storefront sharing a physical boundary with, the licensed entertainment destination center.

➔Section 10. KRS 243.027 is amended to read as follows:

(1) KRS 243.027 to 243.029 shall supersede any conflicting statute in KRS Chapters 241 to 244.

(2) A direct shipper license shall authorize the holder to ship alcoholic beverages ***or cannabis-infused beverages*** to consumers. The department shall issue a direct shipper license to a successful applicant that:

(a) Pays an annual license fee of one hundred dollars ($100);

(b) Is a manufacturer located in this state or any other state***, a cannabis-infused beverage manufacturer licensed by the Department for Public Health,*** or an alcoholic beverage supplier licensed under KRS 243.212 or 243.215; and

(c) Holds a current license, permit, or other authorization to manufacture or supply alcoholic beverages ***or cannabis-infused beverages*** in the state where the applicant is located. If an applicant is located outside of Kentucky, proof of its current license, permit, or other authorization as issued by its home state shall be sufficient proof of its eligibility to hold a direct shipper license in Kentucky.

(3) (a) A manufacturer applicant shall only be authorized to ship~~[alcoholic]~~ beverages that are sold under a brand name owned or exclusively licensed to the manufacturer, provided the~~[alcoholic]~~ beverages were:

1. Produced by the manufacturer;

2. Produced for the manufacturer under a written contract with another manufacturer; or

3. Bottled ***or canned*** for or by the manufacturer.

(b) An applicant licensed under KRS 243.212 or 243.215 shall only be authorized to ship alcoholic beverages ***or cannabis-infused beverages*** for which it is the primary source of supply.

(4) The department shall establish the form for a direct shipper license application through the promulgation of an administrative regulation. These requirements shall include only the following:

(a) The address of the manufacturer or supplier; and

(b) If the applicant is located outside this state, a copy of the applicant's current license, permit, or other authorization to manufacture, store, or supply alcoholic beverages ***or cannabis-infused beverages*** in the state where the applicant is located.

(5) For purposes of this section, the holder of a direct shipper license may utilize the services of a third party to fulfill shipments, subject to the following:

(a) The third party shall not be required to hold any alcoholic beverage license ***or cannabis-infused beverage license***, but no licensed entity shall serve as a third party to fulfill shipments other than the holder of a storage license or transporter's license;

(b) The third party may operate from the premises of the direct shipper licensee or from another business location; and

(c) The direct shipper licensee shall be liable for any violation of KRS 242.250, 242.260, 242.270, or 244.080 that may occur by the third party.

(6) A direct shipper licensee shall:

(a) Agree that the Secretary of State shall serve as its registered agent for service of process. The licensee shall agree that legal service on the agent constitutes legal service on the direct shipper licensee;

(b) Maintain the records required under KRS 243.027 to 243.029 and provide the department and the Department of Revenue access to or copies of these records;

(c) Allow the department or the Department of Revenue to perform an audit of the direct shipper licensee's records or an inspection of the direct shipper licensee's licensed premises upon request. If an audit or inspection reveals a violation, the department or the Department of Revenue may recover reasonable expenses from the licensee for the cost of the audit or inspection;

(d) Register with the Department of Revenue, and file all reports and pay all taxes required under KRS 243.027 to 243.029; and

(e) Submit to the jurisdiction of the Commonwealth of Kentucky for any violation of KRS 242.250, 242.260, 242.270, or 244.080 or for nonpayment of any taxes owed.

(7) (a) Each direct shipper licensee shall submit to the department and the Department of Revenue a quarterly report for that direct shipper license showing:

1. The total amount of~~[alcoholic]~~ beverages shipped into the state per consumer;

2. The name and address of each consumer;

3. The purchase price of the~~[alcoholic]~~ beverages shipped and the amount of taxes charged to the consumer for the~~[alcoholic]~~ beverages shipped; and

4. The name and address of each common carrier.

(b) The Department of Revenue shall create a form through the promulgation of an administrative regulation for reporting under paragraph (a) of this subsection.

(c) The department shall provide a list of all active direct shipper licensees to licensed common carriers on a quarterly basis to reduce the number of unlicensed shipments in the Commonwealth.

(8) A direct shipper licensee shall submit a current copy of its alcoholic beverage license ***or cannabis-infused beverage license*** from its home state along with the one hundred dollar ($100) license fee every year upon renewal of its direct shipper license.

(9) Notwithstanding any provision of this section to the contrary, a manufacturer located and licensed in Kentucky may ship by a common carrier holding a Kentucky transporter's license samples of alcoholic beverages produced by the manufacturer in quantities not to exceed one (1) liter, per any recipient, of any individual product in one (1) calendar year of distilled spirits or wine, or ninety-six (96) ounces, per any recipient, of any individual product in one (1) calendar year of malt beverages, to any of the following:

(a) Marketing or media representatives twenty-one (21) years of age or older;

(b) Distilled spirits, wine, or malt beverage competitions or contests;

(c) Wholesalers or distributors located outside of Kentucky;

(d) Federal, state, or other regulatory testing labs;

(e) Third-party product formulation and development partners; and

(f) Persons or entities engaged in a private selection event pursuant to KRS 243.0305.

Such samples shall be marked by affixing across the product label, a not readily removed disclaimer with the words "Sample-Not for Sale" and the name of the manufacturer.

➔Section 11. KRS 243.028 is amended to read as follows:

(1) A direct shipper licensee may sell or ship to a consumer all types of alcoholic beverages ***or cannabis-infused beverages*** that the licensee is authorized to sell, with the following aggregate limits:

(a) Distilled spirits, in quantities not to exceed ten (10) liters per consumer per month;

(b) Wine, in quantities not to exceed ten (10) cases per consumer per month;~~[and]~~

(c) Malt beverages, in quantities not to exceed ten (10) cases per consumer per month***; and***

(d) Cannabis-infused beverages, in quantities not to exceed ten (10) cases per customer per month.

(2) The direct shipper licensee shall notify the consumer placing the order that the shipment shall not be left unless the recipient of the shipment provides a valid identification document at the time verifying that the recipient is at least twenty-one (21) years of age. All~~[alcoholic]~~ beverage containers shipped to the consumer shall be conspicuously labeled with the words "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY" ***or "CONTAINS CANNABIS-INFUSED BEVERAGES: SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY", as appropriate for each shipment***.

(3) At the time of delivery, the recipient of the shipment shall present to the individual delivering the package a valid identification document. Prior to transferring possession of the package, the individual delivering the package shall visually inspect the document and verify the identity of the recipient and, by visual examination or by using age verification technology, that the recipient is at least twenty-one (21) years of age.

(4) Before transferring possession of the package, the individual delivering the package shall obtain the signature of the recipient of the shipment. The individual who receives and signs for the~~[alcoholic]~~ beverages is not required to be the consumer who purchased the~~[alcoholic]~~ beverages.

(5) A consumer who intentionally causes shipment to an address deemed unlawful shall, for the first offense, be guilty of a violation punishable by a fine of two hundred fifty dollars ($250), and for each subsequent offense, be guilty of a violation punishable by a fine of five hundred dollars ($500). In this instance, the direct shipper licensee and the common carrier shall be held harmless.

(6) A direct shipper licensee may not sell or ship~~[alcoholic]~~ beverages to a consumer from its licensed premises if the consumer's address is located in an area in which ***that type of***~~[alcoholic]~~ beverages may not be sold or received.

(7) Shipments made pursuant to this section shall be made through a common carrier.

(8) If a common carrier is unable to complete delivery, then the~~[alcoholic]~~ beverages shall be returned to the consignor.

➔Section 12. KRS 243.030 is amended to read as follows:

The following licenses that authorize traffic in distilled spirits and wine ***and in cannabis-infused beverages*** may be issued by the distilled spirits administrator. Licenses that authorize traffic in all alcoholic beverages may be issued by both the distilled spirits administrator and malt beverages administrator. The licenses and their accompanying fees are as follows:

(1) Distiller's license:

(a) Class A, per annum $3,090.00

(b) Class B (craft distillery), per annum $1,000.00

(c) Off-premises retail sales outlet, per annum $300.00

(2) Rectifier's license:
  (a) Class A, per annum $2,580.00
  (b) Class B (craft rectifier), per annum $825.00
(3) Winery license, per annum $1,030.00
(4) Small farm winery license, per annum $110.00
  (a) Small farm winery off-premises retail license, per annum $30.00
(5) Wholesaler's license, per annum $2,060.00
(6) Quota retail package license, per annum $570.00
(7) Quota retail drink license, per annum $620.00
(8) Transporter's license, per annum $210.00
(9) Special nonbeverage alcohol license, per annum $60.00
(10) Special agent's or solicitor's license, per annum $30.00
(11) Bottling house or bottling house storage license, per annum $1,030.00
(12) Special temporary license, per event $100.00
(13) Special Sunday retail drink license, per annum $520.00
(14) Caterer's license, per annum $830.00
(15) Special temporary alcoholic beverage auction license, per event $100.00
(16) Extended hours supplemental license, per annum $2,060.00
(17) Hotel in-room license, per annum $210.00
(18) Air transporter license, per annum $520.00
(19) Sampling license, per annum $110.00
(20) Replacement or duplicate license $25.00
(21) Entertainment destination center license:
  (a) When the licensee is a city, county, urban-county government, consolidated local government, charter county government, or unified local government, per annum $2,577.00
  (b) All other licensees, per annum $7,730.00
(22) Limited restaurant license, per annum $780.00
(23) Limited golf course license, per annum $720.00
(24) Small farm winery wholesaler's license, per annum $110.00
(25) Qualified historic site license, per annum $1,030.00
(26) Nonquota type 1 license, per annum $4,120.00
(27) Nonquota type 2 license, per annum $830.00
(28) Nonquota type 3 license, per annum $310.00
(29) Distilled spirits and wine storage license, per annum $620.00
(30) Out-of-state distilled spirits and wine supplier's license, per annum $1, 550.00
(31) Limited out-of-state distilled spirits and wine supplier's license, per annum $260.00
(32) Authorized public consumption license, per annum $250.00

(33) Direct shipper license, per annum.....$100.00

(34) Limited nonquota package license, per annum.....$300.00

(35) Vintage distilled spirits license, per annum.....$300.00

(36) ***Cannabis-infused beverage retail package license, per annum.....$500.00***

(37) Cannabis-infused beverage distributor's license, per annum.....$520.00

(38) Cannabis-infused beverage distributor's license, supplemental, per annum.....$100.00

(39) A nonrefundable fee of sixty dollars ($60) shall be charged to process each new transitional license pursuant to KRS 243.045.

(40)~~[(37)]~~ Other special licenses the board finds necessary for the proper regulation and control of the traffic in distilled spirits and wine and provides for by administrative regulation. In establishing the amount of license taxes that are required to be fixed by the board, it shall have regard for the value of the privilege granted.

(41)~~[(38)]~~ The fee for each of the first five (5) supplemental bar licenses shall be the same as the fee for the primary retail drink license. There shall be no charge for each supplemental license issued in excess of five (5) to the same licensee at the same premises.

A nonrefundable application fee of fifty dollars ($50) shall be charged to process each new application under this section, except for subsections (4), (8), (9), (10), (12), (15), (19), and (20) of this section. The application fee shall be applied to the licensing fee if the license is issued; otherwise it shall be retained by the department.

➔Section 13. KRS 243.075 is amended to read as follows:

(1) (a) A city with a population of less than twenty thousand (20,000) based upon the most recent federal decennial census, a county that does not contain a city with a population equal to or greater than twenty thousand (20,000) based upon the most recent federal decennial census, or a county that contains a city authorized to impose a fee under subsection (9) of this section, that is wet through a local option election held under KRS Chapter 242 is authorized to impose a regulatory license fee not to exceed five percent (5%) upon the gross receipts of the sale of alcoholic beverages ***and cannabis-infused beverages*** of each establishment located in the city or county licensed to sell alcoholic beverages ***or cannabis-infused beverages***.

(b) The regulatory license fee may be levied at the beginning of each budget period at a percentage rate that is reasonably estimated to fully reimburse the local government for the estimated costs of any additional policing, regulatory, or administrative expenses related to the sale of alcoholic beverages ***or cannabis-infused beverages*** in the city and county.

(c) The regulatory license fee shall be in addition to any other taxes, fees, or licenses permitted by law, except:

1. A credit against a regulatory license fee shall be allowed in an amount equal to any licenses or fees imposed by the city or county pursuant to KRS 243.060 or 243.070; and

2. In a county in which the city and county both levy a regulatory license fee, the county license fee shall only be applicable outside the jurisdictional boundaries of those cities which levy a license fee.

(2) (a) A city or county that is moist through a local option election held under KRS 242.1244 may by ordinance impose a regulatory license fee upon the gross receipts of the sale of alcoholic beverages of each establishment located in the city or county and licensed to sell alcoholic beverages by the drink for consumption on the premises.

(b) The regulatory license fee may be levied annually at a rate that is reasonably estimated to fully reimburse the city or county for the estimated costs for any additional policing, regulatory, or administrative related expenses.

(c) The regulatory license fee shall be in addition to any other taxes, fees, or licenses permitted by law, but a credit against the fee shall be allowed in an amount equal to any licenses or fees imposed by the city or county pursuant to KRS 243.060 or 243.070.

(d) In a county in which the city and county both levy a regulatory license fee, the county license fee shall only be applicable outside the jurisdictional boundaries of those cities which levy a license fee.

(3) (a) For any election held after July 15, 2014, any new fee authorized under subsection (1) or (2) of this section shall be enacted by the city or county no later than two (2) years from the date of the local option election held under KRS Chapter 242.

(b) Notwithstanding paragraph (a) of this subsection, any city or county that held a local option election between July 15, 2014, and July 15, 2018, may enact a regulatory licensing fee in accordance with subsection (1) of this section within two (2) years of June 29, 2021.

(4) After July 15, 2014, any fee authorized under subsections (1) and (2) of this section shall be established at a rate that will generate revenue that does not exceed the total of the reasonable expenses actually incurred by the city or county in the immediately previous fiscal year for the additional cost, as demonstrated by reasonable evidence, of:

(a) Policing;

(b) Regulation; and

(c) Administration;

as a result of the sale of alcoholic beverages ***or cannabis-infused beverages*** within the city or county.

(5) (a) The Alcoholic Beverage Control Board shall promulgate administrative regulations which set forth the process by which a city or county, in the first year following the discontinuance of prohibition, may estimate any additional policing, regulation, and administrative expenses by a city or county directly and solely related to the discontinuance of prohibition. This subsection shall apply to any discontinuance of prohibition occurring after the promulgation of administrative regulations required by this subsection.

(b) After the first year, the regulatory license fee for each subsequent year shall conform to the requirements of subsection (4) of this section.

(6) The revenue received from the imposition of the regulatory license fee authorized under subsections (1) and (2) of this section shall be:

(a) Deposited into a segregated fund of the city or county;

(b) Spent only in accordance with the requirements of subsections (1) and (2) of this section; and

(c) Audited under an annual audit performed pursuant to KRS 43.070, 64.810, and 91A.040.

(7) Any city or county found by a court to have violated the provisions of this section shall:

(a) Provide a refund as determined by the court to any licensee that has been harmed in an amount equal to its prorated portion of the excess revenues collected by the city or county that are directly attributable to a violation occurring after July 15, 2014;

(b) Be responsible for the payment of the reasonable attorney fees directly incurred by a party to a litigation in an amount ordered by the court upon its finding of an intentional and willful violation of this section by a city or county occurring after July 15, 2014; and

(c) Upon the finding by a court of a second intentional and willful violation of the provisions of this section, lose the ability to impose the regulatory fee provided by this section for a period of five (5) years and, upon the finding by a court of a third intentional and willful violation, forfeit the right to impose the regulatory license fee authorized by this section.

(8) Any party bringing suit against a city or county for an alleged violation of this section occurring after July 15, 2014, shall be responsible for the payment of the reasonable attorney fees of the city or county in an amount determined by the court upon a finding by the court that the city or county did not violate this section.

(9) (a) Any city that does not meet the population requirements of subsection (1) of this section, and any county that has a city exceeding the population requirements of subsection (1) of this section, that imposed a regulatory license fee pursuant to this section as of January 1, 2019, shall be deemed to meet the requirements for doing so set out in this section and may continue to impose the regulatory license fee previously established pursuant to this section.

(b) Any city or county that is authorized to impose the regulatory license fee under subsection (1) of this section, or under paragraph (a) of this subsection, that imposed the regulatory license fee at a rate higher than five percent (5%) prior to June 27, 2019, may continue to impose the regulatory license fee at a rate that exceeds five percent (5%). The rate shall continue to be calculated annually pursuant to the requirements of this section and shall not exceed the rate that was imposed by the city or county on January 1, 2019.

(10) A direct shipper licensee shall be subject to and remit the regulatory license fee imposed by this section as though it were an establishment located in a city or county licensed to sell alcoholic beverages ***or cannabis-infused beverages***. This fee shall be considered a tax as defined in KRS 243.029.

(11) Any city or county imposing a regulatory license fee under this section shall file with the department a report showing the applicable fee amount and remittance address for each affected license type in its jurisdiction on or before August 1, 2020. Any adoption of this fee after July 15, 2020, or modification of the applicable fee amount or remittance address for each affected licensee shall be reported to the department within thirty (30) days of adoption by the city or county imposing the fee. Within twenty (20) days after receipt of the information, the department shall compile and publish the information so that it is readily available to the public.

➔Section 14. KRS 243.0811 is amended to read as follows:

(1) Any person delivering ***alcoholic beverages or cannabis-infused beverages***~~[alcohol]~~ by the package at retail on behalf of a licensee shall not sell to:

(a) A minor under twenty-one (21) years of age; or

(b) An intoxicated person.

(2) Any person delivering alcoholic beverages ***or cannabis-infused beverages*** on behalf of a retail package licensee ***or cannabis-infused beverage retail licensee*** to an individual consumer shall verify that the recipient is at least twenty-one (21) years of age by requiring the production of a valid identification document as defined in KRS 241.010.

(3) Any person delivering ***alcoholic beverages or cannabis-infused beverages***~~[alcohol]~~ by the package at retail on behalf of a licensee shall possess a physical or electronic version of the license issued by the department.

➔Section 15. KRS 243.090 is amended to read as follows:

(1) All licenses issued by the department, except special event licenses, temporary licenses, or licenses listed in subsection (5) of this section, shall be valid for a period of no more than a year. The board shall promulgate administrative regulations establishing the year-round system for renewal of licenses. The system shall be designed to distribute the workload as uniformly as possible within the offices of the local administrators and the Department of Alcoholic Beverage Control.

(2) (a) Except for licenses listed in paragraph (b) of this subsection, all licenses issued after January 1, 2017, by a local administrator shall be valid for a period of no more than a year and shall be renewable upon the date established by the department for the expiration of state licenses issued for premises located in that county or city. During the first year following July 15, 2016, if the new date for renewal for the licensee does not occur on the date established by the department for the expiration of the licensee's state license, the local administrator shall either:

1. Prorate the cost of the renewed license by proportionally reducing the cost of the renewed license if the new date for the renewal occurs prior to the expiration of a previous license; or

2. Provide a prorated provisional local license to cover any period of time between the expiration of the previous license and the new date for renewal if the new date for renewal occurs after the expiration of the licensee's previous license.

(b) Paragraph (a) of this subsection shall not apply to licenses issued by a consolidated local government, special event licenses, temporary licenses, or licenses listed in subsection (5) of this section.

(3) When any person applies for a new license authorized under KRS Chapters 241 to 244, the person shall be charged, if the license is issued, the full fee for the respective license if six (6) months or more remain before the license is due to be renewed and one-half (1/2) the fee if less than six (6) months remain before the license is due to be renewed. No abatement of license fees shall be permitted to any person who held a license of the

same kind for the same premises in the preceding license period and who was actually doing business under the license during the last month of the preceding license period.

(4) The renewal by the department of any~~[alcoholic beverage]~~ license shall not be construed to waive or condone any violation that occurred prior to the renewal and shall not prevent subsequent proceedings against the licensee.

(5) All alcoholic beverage producers, wholesalers, or distributors may obtain or renew their licenses for either a one (1) year term or a two (2) year term.

(6) The department may deny license renewal if the licensee is a delinquent taxpayer as defined in KRS 131.1815.

➔Section 16. KRS 243.100 is amended to read as follows:

An individual shall not become a licensee if the individual:

(1) (a) Has been convicted of any felony until five (5) years have passed from the date of conviction, release from custody or incarceration, parole, or termination of probation, whichever is later;

(b) Has been convicted of any misdemeanor involving a controlled substance that is described in or classified pursuant to KRS Chapter 218A in the two (2) years immediately preceding the application;

(c) Has been convicted of any misdemeanor directly or indirectly attributable to the use of alcoholic beverages ***or cannabis-infused beverages*** in the two (2) years immediately preceding the application;

(d) Is under the age of twenty-one (21) years; or

(e) Has had any license relating to the regulation of the manufacture, sale, and transportation of alcoholic beverages ***or the regulation of the sale, distribution, or transportation of cannabis-infused beverages*** revoked for cause or has been convicted of a violation of any statute within KRS Chapters 241 to 244, until the expiration of two (2) years from the date of the revocation or conviction.

(2) A partnership, limited partnership, limited liability company, corporation, governmental agency, or other business entity recognized by law shall not be licensed if:

(a) Each principal owner, partner, member, officer, and director does not qualify under subsection (1)(a), (b), (c), (d), and (e) of this section;

(b) It has had any license relating to the regulation of the manufacture, sale, and transportation of alcoholic beverages ***or the regulation of the sale, distribution, or transportation of cannabis-infused beverages*** revoked for cause or has been convicted of a violation of any statute within KRS Chapters 241 to 244, until the expiration of two (2) years from the date of the revocation or conviction; or

(c) Any principal owner, partner, member, officer, or director, or any business entity in which they were directly or indirectly interested, has had any license revoked for cause or has been convicted of a violation of any statute within KRS Chapters 241 to 244, until the expiration of the later of two (2) years from the date of the revocation or two (2) years from the date of conviction.

(3) The provisions of subsection (1)(a) and (b) shall apply to anyone applying for a new license under this chapter after July 15, 1998, but shall not apply to those who renew a license that was originally issued prior to July 15, 1998, or an application for a supplemental license where the original license was issued prior to July 15, 1998.

(4) A person shall not evade license disqualification by applying for a license through or under the name of a different person. The state administrators shall examine the ownership, membership, and management of all license applicants, and shall deny the application if a disqualified person has a direct or indirect interest in the applicant's business. The department may issue administrative subpoenas and summonses to determine ownership of an applicant or to investigate alleged violations by a licensee.

(5) A direct shipper license applicant shall be exempt from the requirements of this section, and shall instead follow the requirements set forth in KRS 243.027.

➔Section 17. KRS 243.110 is amended to read as follows:

(1) Except as provided in subsection (3) of this section, each kind of license listed in KRS 243.030 shall be incompatible with every other kind listed in that section and no person or entity holding a license of any of those kinds shall apply for or hold a license of another kind listed in KRS 243.030.

(2) (a) Each kind of license listed in KRS 243.040(1), (3), or (4) shall be incompatible with every other kind listed in KRS 243.040(1), (3), or (4), and no person holding a license of any of those kinds shall apply for or hold a license of any other kind listed in KRS 243.040(1), (3), or (4).

(b) A brewery holding a license listed in KRS 243.040(5) or (8) shall not apply for or hold a license listed in KRS 243.040(3) or (4).

(3) (a) The holder of a quota retail package license may also hold a quota retail drink license, an NQ1 retail drink license, an NQ2 retail drink license, an NQ3 retail drink license, ***a cannabis-infused beverage retail package license,*** or a special nonbeverage alcohol license.

(b) The holder of a transporter's license may also hold a distilled spirits and wine storage license.

(c) The holder of a distiller's license may also hold a rectifier's license, a special nonbeverage alcohol license, a winery license, or a small farm winery license.

(d) A commercial airline system or charter flight system retail license, a commercial airline system or charter flight system transporter's license, and a retail drink license if held by a commercial airline or charter flight system may be held by the same licensee.

(e) A Sunday retail drink license, vintage distilled spirits license, and supplemental license may be held by the holder of a primary license.

(f) The holder of a distiller's, winery, small farm winery, brewer, microbrewery, distilled spirits and wine supplier's, or malt beverage supplier's license may also hold a direct shipper license.

(g) The holder of an NQ1 retail drink license, an NQ2 retail drink license, or a limited restaurant license may also hold a limited nonquota package license.

(4) ***(a) The holder of a cannabis-infused beverage retail package license shall not apply for or hold the license listed in subsection (5) of Section 12 of this Act or in KRS 243.040(3).***

(b) The holder of a cannabis-infused beverage retail package license shall also hold a quota retail package license.

(c) The holder of a cannabis-infused beverage distributor's license may hold it as a primary license or as a supplemental license to a distributor's license or a wholesaler's license.

(5) Any person may hold two (2) or more licenses of the same kind.

(6)~~[(5)]~~ A person or entity shall not evade the prohibition against applying for or holding licenses of two (2) kinds by applying for a second license through or under the name of a different person or entity. The state administrator shall examine the ownership, membership, and management of applicants, and shall deny the application for a license if the applicant is substantially interested in a person or entity that holds an incompatible license.

➔Section 18. KRS 243.200 is amended to read as follows:

(1) A transporter's license may be issued as a primary license to a motor carrier authorized to transact business in the Commonwealth by the Transportation Cabinet or the Federal Motor Carrier Safety Administration or to another person engaged in business as a common carrier. A person holding a transporter's license may transport alcoholic beverages ***or cannabis-infused beverages*** to or from the licensed premises of any licensee under this chapter to an individual consumer if both the consignor and consignee in each case are authorized by the law of the states of their residence to sell, purchase, deliver, ship, or receive the alcoholic beverages ***or cannabis-infused beverages***.

(2) ***(a)*** A transporter may deliver or ship to consumers over twenty-one (21) years of age in packages clearly marked ***either, as appropriate:***

1. "Alcoholic Beverages, adult signature (21 years of age or over) required~~[,]~~"***; or***

2. "Cannabis-infused Beverages, adult signature (21 years of age or over) required";

and shall request adult-signature-only service from the carrier.

(b) Deliveries or shipments of alcoholic beverages ***or cannabis-infused beverages*** shall only be made into areas of the state in which alcoholic beverages ***or cannabis-infused beverages*** may be lawfully sold. When the shipper requests adult-signature-only service, it shall be a violation for a common carrier not to inspect government-issued identification for proof of age. No properly licensed common carrier or

any of its employees acting on behalf of a consignor in the course and scope of a delivery or shipment of alcoholic beverages ***or cannabis-infused beverages*** to a consumer shall be liable for a violation of this subsection or any provision of KRS 242.250, 242.260, or 242.270 prohibiting the delivery or shipment of alcoholic beverages ***or cannabis-infused beverages*** into areas of the state in which alcoholic beverages ***or cannabis-infused beverages*** are not lawfully sold.

(3) Except for a common carrier that has been assigned a USDOT number issued by the Federal Motor Carrier Safety Administration, the holder of a transporter's license shall cause each truck or vehicle to display the name of the licensee and the state license numbers in a manner prescribed by an administrative regulation promulgated by the board.

(4) Except for an application by a common carrier that has been assigned a USDOT number issued by the Federal Motor Carrier Safety Administration, an application for a transporter's license shall include a statement that the applicant, if issued a license, shall allow any authorized investigators of the department to stop and examine the cargo of any truck or vehicle in which alcoholic beverages ***or cannabis-infused beverages*** are being transported within the boundaries of the Commonwealth of Kentucky.

(5) A licensee may move, within the same county, alcoholic beverages ***or cannabis-infused beverages*** from one (1) of the licensee's licensed premises to another without a transporter's license. A licensee may move alcoholic beverages ***or cannabis-infused beverages*** from one (1) of the licensee's licensed premises located in one (1) county to a licensed premises located in another county, without a transporter's license, with prior written approval of the administrator for good cause shown. The licensee shall keep and maintain, in one (1) of its licensed premises, adequate books and records of the transactions involved in transporting alcoholic beverages ***or cannabis-infused beverages*** from one (1) licensed premises to another in accordance with standards established in administrative regulations promulgated by the board. The records shall be available to the department and the Department of Revenue upon request.

(6) Distilled spirits and wine may be transported by any licensed retailer selling distilled spirits or wine, by the package or by the drink, from the premises of a licensed wholesaler to the licensed premises of the retail licensee. Both the wholesaler and the retailer engaging in activity under this subsection shall be responsible for maintaining records documenting the transactions.

➔Section 19. KRS 243.380 is amended to read as follows:

(1) Applications for distilled spirit and wine licenses ***or for cannabis-infused beverage licenses*** shall be made to the distilled spirits administrator. Applications for malt beverage licenses shall be made to the malt beverages administrator. Applications for distilled spirits, wine, and malt beverage licenses shall be made to the distilled spirits administrator and to the malt beverages administrator.

(2) All applications shall be on forms furnished by the department. They shall be verified and shall set forth in detail all information concerning the applicant and the premises submitted for licensing as the board requires through the promulgation of an administrative regulation. Each application shall be accompanied by payment. Payment of the license fee may be by certified check, a postal or express money order, or any other method of payment approved in writing by both the Finance and Administration Cabinet and the Office of the State Treasurer. Promptly upon receipt of the payment the board shall pay it into the State Treasury, giving the Department of Revenue copies of the pay-in vouchers and any other supporting data as the Department of Revenue requires for revenue control purposes.

(3) (a) A business entity that owns more than two (2) licensed premises may initially submit common information about ownership, officers, directors, managerial employees, and shall provide current criminal background checks once for all separately licensed premises in one (1) master file.

(b) Any business qualifying under this subsection shall only be required to amend its master file information for material changes under KRS 243.390(2) or ownership transfers under KRS 243.630.

(c) A direct shipper license applicant shall be exempt from the requirements of this subsection and shall instead meet the requirements for its license type as set forth in KRS 243.027.

➔Section 20. KRS 243.390 is amended to read as follows:

(1) The board may require through the promulgation of an administrative regulation that license applications contain the following information, given under oath:

(a) The name, age, Social Security number, address, residence, and citizenship of each applicant;

(b) If the applicant is a partner, the name, age, Social Security number, address, residence, and citizenship of each partner and the name and address of the partnership;

(c) The name, age, Social Security number, address, residence, and citizenship of each individual or partner interested in the business for which the license is sought, together with the nature of that interest, and, if the applicant is a corporation, limited partnership company, limited liability company, or other business entity recognized by law, the name, age, Social Security number, and address of each principal owner, member, officer, and director of the applicant. The department may require the names of all owners and the ownership percentage held by each;

(d) The premises to be licensed, stating the street and number, if the premises has a street number, and a description that will reasonably indicate the location of the premises;

(e) 1. A statement that neither the applicant nor any other person referred to in this section has been convicted of:

a. Any misdemeanor directly or indirectly attributable to alcoholic beverages ***or cannabis-infused beverages***;

b. Any violation involving a controlled substance that is described in or classified pursuant to KRS Chapter 218A within the two (2) years immediately preceding the application;

c. Any felony, within five (5) years from the later of the date of parole or the date of conviction; or

d. Providing false information to the department preceding the application; and

2. A statement that the applicant or any other person referred to in this section has not had any license that has been issued under ***KRS Chapters 241 to 244***~~[any alcoholic beverage statute]~~ revoked for cause within two (2) years prior to the date of the application;

(f) A statement that the applicant will in good faith abide by every state and local statute, regulation, and ordinance relating to the manufacture, sale, use of, and trafficking in alcoholic beverages ***or cannabis-infused beverages***; and

(g) Any other information necessary for the department to administer KRS Chapters 241 to 244.

(2) If, after a license has been issued, there is a change in any of the facts required to be set forth in the application, a verified supplemental statement in writing giving notice of the change shall be filed with the department within ten (10) days after the change.

(3) In giving any notice or taking any action in reference to a license, the department may rely upon the information furnished in the application or in the supplemental statement connected with the application. This information, as against the licensee or applicant, shall be conclusively presumed to be correct. The information required to be furnished in the application or supplemental statement shall be deemed material in any prosecution for perjury.

(4) A direct shipper license applicant shall be exempt from the requirements of this section and shall instead meet the requirements for its license type as set forth in KRS 243.027.

➔Section 21. KRS 243.450 is amended to read as follows:

(1) A license shall be denied:

(a) If the applicant or the premises for which the license is sought does not comply fully with all ***applicable***~~[alcoholic beverage control]~~ statutes ***under KRS Chapters 241 to 244*** and the administrative regulations of the board;

(b) If ***an alcoholic beverage***~~[the]~~ applicant has not obtained approval from the local~~[ABC]~~ administrator for a county or city license required at the proposed premises;

(c) If the applicant has done any act for which a revocation of license would be authorized; or

(d) If the applicant has made any false material statement in its application.

(2) A license may be denied by a state administrator for any reason that the administrator, in the exercise of the administrator's sound discretion, deems sufficient. Among those factors that the administrator shall consider in the exercise of this discretion are:

(a) Public sentiment in the area;

(b) Number of licensed outlets in the area;

(c) Potential for future growth;

(d) Type of area involved;

(e) Type of transportation available;

(f) Financial potential of the area; and

(g) Applicant's status as a delinquent taxpayer as defined in KRS 131.1815.

(3) A direct shipper license applicant shall be exempt from the requirements of this section and shall instead meet the requirements for its license type as set forth in KRS 243.027.

➔Section 22. KRS 243.480 is amended to read as follows:

(1) Upon proceedings for the revocation of any license under KRS 243.520, the Alcoholic Beverage Control Board, or the local~~[alcoholic beverage]~~ administrator, may in its or his or her discretion order a suspension of the license for any cause for which it may, but is not required to, revoke the license under the provisions of KRS 243.490 and 243.500. However, the licensee may have the alternative, subject to the approval of the Alcoholic Beverage Control Board or the local~~[alcoholic beverage]~~ administrator, to pay in lieu of part or all of the days of any suspension period, a sum as follows:

(a) Except for violations arising from retail sales activities, including sales under licenses issued pursuant to KRS 243.086 and sales at retail under KRS 243.0305:

1. Distillers, rectifiers, wineries, and brewers, one thousand dollars ($1,000) per day;

2. Wholesale ***distilled spirits and wine***~~[liquor]~~ licensees, four hundred dollars ($400) per day;~~[and]~~

3. Wholesale ***malt beverage***~~[beer]~~ licensees, four hundred dollars ($400) per day***; and***

4. Cannabis-infused beverage distributor's license, four hundred dollars ($400) per day;

(b) 1. Retail licensees authorized to sell distilled spirits, wine, or ***malt beverages***~~[beer]~~ by the package or drink, fifty dollars ($50) per day; and

2. Distillers, wineries, and brewers for violations arising from their retail sales activities, including sales by distillers under licenses issued pursuant to KRS 243.086 and sales at retail under KRS 243.0305, fifty dollars ($50) per day;~~[and]~~

(c) ***Cannabis-infused beverage retail package licenses, fifty dollars ($50) per day; and***

(d) All remaining licensees, fifty dollars ($50) per day.

(2) Payments in lieu of suspension or for board-ordered agency server training, collected on a cost recovery basis, collected by the Alcoholic Beverage Control Board shall be deposited in the State Treasury and credited to the general expenditure fund. Payments in lieu of suspension collected by local~~[alcoholic beverage]~~ administrators shall be deposited and used as local alcoholic beverage license tax receipts are deposited and used.

(3) In addition to or in lieu of a suspension of a license, the board may order a licensee to pay for and require attendance and completion by some or all of the licensee's alcoholic beverage servers in the department's server training program.

(4) Appeals from orders of suspension and the procedure thereon shall be the same as are provided for orders of revocation in KRS Chapter 13B.

(5) The portions of this section relating to local administrators shall not apply to cannabis-infused beverage licensees.

➔Section 23. KRS 243.490 is amended to read as follows:

A license may be revoked or suspended by the board for a violation of any of the following:

(1) Any of the provisions of KRS Chapters 241 to 244;

(2) Any administrative regulation of the board relating to the regulation of the***:***

(a) Manufacture, sale, and transportation of alcoholic beverages***; or***

(b) Distribution and retail sale of cannabis-infused beverages;

(3) Any rule or administrative regulation of the Department of Revenue relating to the taxation of alcoholic beverages ***or cannabis-infused beverages***;

(4) Any Act of Congress or any rule or regulation of any federal board, agency, or commission;

(5) Any local ordinance relating to the regulation of the***:***

(a) Manufacture, sale, and transportation or taxation of alcoholic beverages***; or***

(b) Distribution, retail sale, or taxation of cannabis-infused beverages;

(6) Any of the laws, regulations, or ordinances referred to in this section when an agent, servant, or employee of the licensee committed the violation, irrespective of whether the licensee knew of or permitted the violation or whether the violation was committed in disobedience of the licensee's instructions;

(7) Any cause which the Alcoholic Beverage Control Board in the exercise of its sound discretion deems sufficient; or

(8) Any of the reasons for which the state administrator would have been required to deny a license if existing material facts had been known.

➔Section 24. KRS 243.500 (Effective July 1, 2025) is amended to read as follows:

Any license may be revoked or suspended for the following causes:

(1) Conviction of the licensee or the licensee's agent, servant, or employee for selling any illegal alcoholic beverages ***or cannabis-infused beverages*** on the licensed premises.

(2) Making any false, material statements in an application or renewal application for a license or supplemental license.

(3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:

(a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244, or any act regulating the manufacture, sale, and transportation of alcoholic beverages ***or the sale, distribution, or transportation of cannabis-infused beverages*** within two (2) consecutive years;

(b) Two (2) misdemeanors directly or indirectly attributable to the use of alcoholic beverages ***or cannabis-infused beverages*** within two (2) consecutive years; or

(c) Any felony.

(4) Failure or default of a licensee to pay an excise tax or any part of the tax or any penalties imposed by or under the provisions of any statutes, ordinances, or Acts of Congress relative to taxation, or for a violation of any related administrative regulations promulgated by the Department of Revenue.

(5) ***(a)*** Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600, and 243.610, or granted under any Act of Congress relative to the regulation of the manufacture, sale, and transportation of alcoholic beverages.

(b) Revocation of any license established under Section 7, 8, or 18 of this Act relative to the sale, distribution, or transportation of cannabis-infused beverages.

(6) Setting up, conducting, operating, or keeping, on the licensed premises, any gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility for betting or transmitting bets on horse races; or permitting to be set up, conducted, operated, kept, or engaged in, on the licensed premises, any gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility. This subsection shall not apply to:

(a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;

(b) The operation of a pari-mutuel system for betting, or the operation of sports wagering, where authorized by law;

(c) The conduct of charitable gaming by a charitable organization licensed or permitted under KRS Chapters 230 and 238; or

(d) Special temporary raffles of alcoholic beverages under KRS 243.036.

(7) Conviction of the licensee, the licensee's agents, servants, or employees for:

(a) The trafficking or possession upon the licensed premises of controlled or illegal substances described in KRS Chapter 218A, including synthetic drugs;

(b) Knowingly permitting the trafficking or possession by patrons upon the licensed premises of controlled or illegal substances described in KRS Chapter 218A, including synthetic drugs; or

(c) Knowingly receiving stolen property upon the licensed premises.

(8) Failure to comply with the terms of a final order of the board.

➔Section 25. KRS 243.540 is amended to read as follows:

(1) The provisions of this section shall apply to any licensee who is unable to continue in business at the licensed premises because of:

(a) An act of God;

(b) A casualty;

(c) An acquisition by a federal, state, city, or other governmental agency under the power of eminent domain granted to the government or agency;

(d) A voluntary or involuntary acquisition by any corporation or other business entity recognized by law through the power of eminent domain;

(e) A loss of lease because the landlord fails to renew an existing lease;

(f) Court action;

(g) Default under a security agreement;

(h) Default under a lease; or

(i) Other verifiable business reason.

(2) If a license issued by the department has been revoked, the former licensee may, under the supervision of the state administrator, dispose of and transfer the former licensee's stock to another licensee if the disposition is completed within ninety (90) days and the licensee is a distiller, rectifier, winery, or brewer. The disposition shall be completed within thirty (30) days if the licensee is a wholesaler or distributor or within twenty (20) days if the licensee is a retailer.

(3) A retail licensee in good standing with the department who voluntarily ceases to operate the licensed business for any reason other than revocation by the board or a court order shall dispose of all alcoholic beverage ***or cannabis-infused beverage*** inventory within thirty (30) days of the event. The following requirements shall apply to the disposition of the licensee's inventory:

(a) If the premises is still open to the public and the licensee has not yet surrendered the license, the licensee shall sell alcoholic beverages ***or cannabis-infused beverages*** only to the public and shall not sell below costs;

(b) If a licensee has terminated the licensed business, the licensee shall submit a written request for approval from the state administrator within ten (10) days in advance of the sale to dispose of the licensee's remaining inventory. The request shall identify the retailer who is purchasing the inventory, the proposed date of the sale, and the quantity, types, and brands of ***alcoholic beverages or cannabis-infused beverages***~~[alcohol]~~ to be sold; and

(c) If a licensee has more than one (1) licensed retail premises and closes one (1) or more retail premises and seeks to transfer the inventory to another licensed retail premises the licensee owns, the licensee shall submit a request in writing to the state administrator at least ten (10) days before the inventory is transferred. The request shall identify the premises to which the ***alcoholic beverages or cannabis-infused beverages are***~~[alcohol is]~~ being transferred, the proposed date of the transfer, and the quantity, types, and brands of ***alcoholic beverages or cannabis-infused beverages***~~[alcohol]~~ to be sold.

(4) If a licensee files for bankruptcy or is directed by a court to dispose of inventory to satisfy a lien or judgment, the inventory may be sold only to a licensee holding any license that authorizes the possession and sale of those alcoholic beverages ***or cannabis-infused beverages***. The bankrupt licensee or the licensee subject to the

court order shall notify the department of the sale and shall attach a copy of the court order or the judgment directing the sale and a list of the quantity, types, and brands of ***alcoholic beverages or cannabis-infused beverages***~~[alcohol]~~ to be sold, but if the licensee fails to do so, the notification may be made by the bankruptcy trustee, the lienholder, or the judgment creditor. Any licensee who purchases the inventory shall notify the department within five (5) days after the transfer of the specific inventory sold.

(5) A secured creditor or landlord that is in possession, custody, or control of any alcoholic beverages owned by a licensee may dispose of those alcoholic beverages through the department's public auction as authorized by subsection (6) of this section or ***may dispose of alcoholic beverages or cannabis-infused beverages*** in the following manner:

(a) The secured creditor or landlord shall submit a written request for approval from the state administrator, within twenty (20) days in advance of the sale or destruction of the licensee's remaining inventory. The request shall identify the:

1. Licensee who is purchasing the inventory or the business to destroy the inventory;

2. Proposed date of the sale or destruction; and

3. Quantity, types, and brands of ***alcoholic beverages or cannabis-infused beverages***~~[alcohol]~~ to be sold or destroyed;

(b) The proposed transferee or transferees may be any person or persons holding any license that authorizes the possession and sale of those alcoholic beverages ***or cannabis-infused beverages***, or a business authorized to dispose of alcoholic beverages ***or cannabis-infused beverages***;

(c) A copy of the written request shall be mailed by the department to the licensee's registered agent or last known address on file with the department by certified mail. Within ten (10) days after the department's mailing of this request, the licensee shall file with the department and applicant any objection the licensee has to the request, or be permanently barred from objecting; and

(d) If a sale is approved, the licensee who purchases the inventory shall notify the department within five (5) days after the transfer of that specific inventory.

(6) The board may promulgate administrative regulations for additional means for the transfer or disposal of alcoholic beverage inventory, including procedures to allow the board to dispose of the inventory through public auction if:

(a) A final order relating to those alcoholic beverages has been entered after all administrative and judicial proceedings are conducted, if applicable;

(b) The entire proceeds of the public auction are donated to the alcohol wellness and responsibility education fund established in KRS 211.285; and

(c) The board deems the inventory safe to release to the public, including but not limited to the alcoholic beverages being in their original, unopened packaging.

➔Section 26. KRS 244.060 is amended to read as follows:

(1) No licensee shall purchase or agree to purchase any alcoholic beverages ***or cannabis-infused beverages*** from any person within or without this state, who is not licensed to sell the beverages to the particular purchaser at the time of the agreement to sell, nor give any order for any alcoholic beverages to any person who is not a holder of a special agent's or solicitor's license if this license is required.

(2) No licensee shall sell or agree to sell any alcoholic beverage ***or cannabis-infused beverage*** to any person within or without this state who is not legally authorized to buy and receive the beverages at the time of the agreement to sell, nor secure any order for the sale of any alcoholic beverages through any person who is not the holder of a special agent's or solicitor's license.

➔Section 27. KRS 244.080 is amended to read as follows:

A retail licensee, or the licensee's agent, servant, or employee, shall not sell, give away, or deliver any alcoholic beverages ***or cannabis-infused beverages***, or procure or permit any alcoholic beverages ***or cannabis-infused beverages*** to be sold, given away, possessed by, or delivered to:

(1) A minor, except that in any prosecution for selling alcoholic beverages ***or cannabis-infused beverages*** to a minor it shall be an affirmative defense that the sale was induced by the use of false, fraudulent, or altered identification papers or other documents and that the appearance and character of the purchaser were such that

the purchaser's age could not have been ascertained by any other means and that the purchaser's appearance and character indicated strongly that the purchaser was of legal age to purchase alcoholic beverages ***or cannabis-infused beverages***. This evidence may be introduced either in mitigation of the charge or as a defense to the charge itself; or

(2) A person who appears to a reasonable person to be actually or apparently under the influence of alcoholic beverages, ***cannabis-infused beverages,*** controlled substances, other intoxicating substances, or any of these substances in combination, to the degree that the person may endanger any person or property, or unreasonably annoy persons in the vicinity.

➔Section 28. KRS 244.150 is amended to read as follows:

Each licensee shall keep and maintain upon the licensed premises, or make readily available upon request of the department or the Department of Revenue, adequate books and records of all transactions involved in the manufacture, distribution, or sale of alcoholic beverages ***and all transactions involved in the distribution or sale of cannabis-infused beverages***, in the manner required by administrative regulations of the department and the Department of Revenue.

➔Section 29. KRS 244.160 is amended to read as follows:

Whenever any alcoholic beverage ***or cannabis-infused beverage***, in whatever quantity, is found on any business premises within this state, a prima facie presumption shall arise that the alcoholic beverage ***or cannabis-infused beverage*** was upon the premises for the purpose of sale.

➔Section 30. KRS 244.202 is amended to read as follows:

(1) (a) When the department seizes alcoholic beverages ***or cannabis-infused beverages***, within fourteen (14) days of the seizure it shall provide the licensee with notice of the violation that formed the basis for the seizure under KRS Chapters 241 to 244.

(b) If the department fails to properly provide this notice, the seized alcoholic beverages ***or cannabis-infused beverages*** shall be returned to the licensee.

(c) If the department provides proper notice, the licensee may request a hearing before the board in accordance with KRS Chapter 13B to determine if the seizure was justified.

(2) An aggrieved party may appeal the board's final order in the Circuit Court of the county where the seizure occurred.

➔Section 31. KRS 131.1815 is amended to read as follows:

(1) Whenever it is determined that a taxpayer, who holds a license under KRS Chapter 243, is a delinquent taxpayer as defined in subsection (2) of this section, the department may, after giving notice as provided in subsection (3) of this section, submit the name of the taxpayer to the Department of Alcoholic Beverage Control for revocation of any license issued under KRS Chapter 243.

(2) Any of the following situations shall be sufficient to cause a taxpayer to be classified as a "delinquent taxpayer" for purposes of this section:

(a) When a taxpayer has an overdue state tax liability arising directly or indirectly from the manufacture, sale, transportation, or distribution of alcoholic beverages ***or the distribution or sale of cannabis-infused beverages***, for which all protest and appeal rights granted by law have expired, and the taxpayer has been contacted by the department concerning the overdue tax liability. This does not include a taxpayer who is making current timely installment payments on the overdue tax liability under agreement with the department;

(b) When a taxpayer has not filed a required tax return as of ninety (90) days after the due date or after the extended due date, and the taxpayer has been contacted by the department concerning the delinquent return; or

(c) When an owner, partner, or corporate officer of a proprietorship, partnership, or corporation holding a license under KRS Chapter 243 held a similar position in a business whose license was revoked as a "delinquent taxpayer," and the tax liability remains unpaid as of ninety (90) days after the due date.

(3) At least twenty (20) days before submitting a taxpayer's name to the Department of Alcoholic Beverage Control as provided in subsection (1) of this section, the department shall notify the taxpayer by certified mail that the action is to be taken. The notice shall state the reason for the action and shall set out the amount of any

tax liability including any applicable penalties and interest and any other area of noncompliance that must be satisfied in order to prevent the submission of his ***or her*** name to the Department of Alcoholic Beverage Control as a delinquent taxpayer.

➔Section 32. KRS 217.039 is amended to read as follows:

(1) As used in this section:

(a) "Cannabidiol" means a non-psychoactive cannabinoid found in the hemp plant Cannabis sativa which has the chemical name 2-[(1R,6R)-3-methyl-6-prop-1-en-2-ylcyclohex-2-en-1-yl]-5-pentylbenzene-1,3-diol;

(b) "Certificate of analysis" means a document produced by a laboratory that has been accredited pursuant to standards of the International Organization for Standardization, attesting to the composition of a product. The certificate of analysis shall include but not be limited to the amount of delta-9 tetrahydrocannabinol, the amount of other cannabinoids, the amount of pesticide residues, the amount of heavy metal traces, the amount of mycotoxin contaminants, the amount of residual solvents, and the amount of microbiological contaminants;

(c) "Hemp" has the same meaning as in KRS 260.850; and

(d) "Quick response code" or "QR code" means a type of machine-readable, two (2) dimensional bar code that stores information about a product.

(2) A manufacturer or processor of ingestible or cosmetic cannabidiol products located in Kentucky shall:

(a) Be permitted as a food manufacturer or a cosmetic manufacturer by the cabinet and shall provide the following information:

1. The name of the manufacturer or processor and the physical address where production or processing occurs; and

2. A listing of the cannabidiol products to be produced or processed; and

(b) Obtain a certificate of analysis for all cannabidiol products to be sold or otherwise distributed in the Commonwealth.

(3) All ingestible or cosmetic cannabidiol products sold or otherwise distributed in the Commonwealth shall bear labeling to allow the consumer to access information on the product, including a certificate of analysis for the product, the location where the hemp was grown, and the address and phone number of the manufacturer or distributor using the following:

(a) A scannable bar code, including the batch number or serial number of the product;

(b) A QR code; or

(c) A web address linked to a document or ***website***~~[Web site]~~.

(4) ***Any***~~[No]~~ product labeling or advertising material for any ingestible or cosmetic cannabidiol product sold or otherwise distributed in the Commonwealth shall ***not*** bear any claims stating that the product can diagnose, treat, cure, or prevent any disease.

(5) The cabinet shall promulgate administrative regulations ***in accordance with KRS Chapter 13A*** to establish labeling requirements for ingestible or cosmetic cannabidiol products in accordance with~~[the provisions]~~ of this section.

(6) (a) The cabinet shall regulate and license manufacturers of cannabis-infused beverages.

(b) After the Department of Alcoholic Beverage Control has promulgated administrative regulations under Section 6 of this Act or July 1, 2026, whichever is earlier, this section shall not apply to any distributor or retailer of cannabis-infused beverages licensed under KRS Chapters 241 to 244. The distribution and retail sale of cannabis-infused beverages shall then be regulated solely by the Department of Alcoholic Beverage Control under KRS Chapter 243 and the administrative regulations promulgated thereto.

➔Section 33. KRS 243.034 is amended to read as follows:

(1) A limited restaurant license may be issued to an establishment meeting the definition criteria established in KRS 241.010***(39)***~~[(37)]~~ as long as the establishment is within:

(a) Any wet territory; or

(b) Any moist precinct that has authorized the sale of alcoholic beverages under KRS 242.1244.

(2) A limited restaurant license shall authorize the licensee to purchase, receive, possess, and sell alcoholic beverages at retail by the drink for consumption on the licensed premises or off-premises consumption pursuant to KRS 243.081. The licensee shall purchase alcoholic beverages only from licensed wholesalers or distributors. The license shall not authorize the licensee to sell alcoholic beverages by the package.

(3) The holder of a limited restaurant license shall maintain at least seventy percent (70%) of its gross receipts from the sale of food and maintain the minimum applicable seating requirement required for the type of limited restaurant license.

(4) A limited restaurant as defined by KRS 241.010***(39)*** ~~[(37)]~~(a) shall:

(a) Only sell alcoholic beverages incidental to the sale of a meal; and

(b) Not have an open bar and shall not sell alcoholic beverages to any person who has not purchased or does not purchase a meal.

➔Section 34. KRS 243.0341 is amended to read as follows:

(1) Notwithstanding any other provision of law, the following local governments may elect to act under this section:

(a) Any city or county that conducted an election under KRS 242.1244(2) prior to January 1, 2016, for by the drink sales of alcoholic beverages in restaurants and dining facilities seating one hundred (100) persons or more; or

(b) Any city with limited sale precincts created pursuant to KRS 242.1292 prior to July 14, 2022.

(2) Upon a determination by the legislative body of a city or county that:

(a) An economic hardship exists within the city or county; and

(b) Expanded sales of alcoholic beverages by the drink could aid in economic growth;

the city or county may, after conducting a public hearing that is noticed to the public in accordance with the KRS Chapter 424, adopt an ordinance authorizing by the drink sales of alcoholic beverages in restaurants and dining facilities containing seating for at least fifty (50) persons and meeting the requirements of subsection (3) of this section.

(3) The ordinance enacted by a city or county pursuant to subsection (2) of this section shall authorize the sale of alcoholic beverages under the following limitations:

(a) Sales shall only be conducted in restaurants and other dining facilities meeting the requirements of KRS 241.010***(39)*** ~~[(37)]~~(a); and

(b) The provisions of KRS 243.034 shall apply to any restaurant or dining facility operating under a license issued pursuant to this section.

(4) A city or county acting under this section may allow limited restaurant sales as defined in KRS 241.010***(39)*** ~~[(37)]~~.

(5) The enactment of an ordinance under this section shall not:

(a) Modify the city's or county's ability to issue a limited restaurant license to restaurants or other dining facilities meeting the requirements of KRS 241.010***(39)*** ~~[(37)]~~(b); or

(b) Affect, alter, or otherwise impair any license previously issued to a restaurant or dining facility meeting the requirements of KRS 241.010***(39)*** ~~[(37)]~~(b).

➔Section 35. The University of Kentucky Cannabis Center shall report its work on the various aspects of the manufacture, testing procedures, and consumer effects of beverages containing cannabidiol or other cannabinoid products to the Legislative Research Commission by January 31, 2026. The center may consult with other entities as a part of its report.

➔Section 36. The Department of Alcoholic Beverage Control shall report on the distribution and sale of beverages containing cannabidiol or other cannabinoid products to the Legislative Research Commission by November 1, 2026.

➔Section 37. On the effective date of this Act, any wholesaler, distributor, or retail licensee in possession of any of the following beverages may continue to sell any of those beverages until June 1, 2025:

(1) Intoxicating cannabinoid beverages that exceed the cannabinoid limits established for cannabis-infused beverages in Section 1 of this Act; and

(2) Intoxicating cannabinoid beverages of any concentration sold by the drink at retail.

➔Section 38. Notwithstanding any law to the contrary, the holder of a cannabis-infused beverage retail package license, a cannabis-infused beverage distributor's license, or a cannabis-infused beverage manufacturer license as approved by the Department for Public Health may sell and serve complimentary samples of cannabis-infused beverages at fairs, festivals, and other similar types of events in wet territory until January 1, 2026, under the following circumstances:

(1) Sales by the drink;

(2) Sales by the package shall not exceed nine liters per person, per day;

(3) Complimentary samples served by the drink shall not exceed one and three-fourths ounces per person, per day; and

(4) The cannabis-infused beverages shall have been lawfully produced or purchased by the license holder.

➔Section 39. Whereas it is crucial to protect the public from potentially unsafe consumer products, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 25, 2025.

CHAPTER 83

(HB 321)

AN ACT relating to planning and zoning.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 147A.027 is repealed, reenacted as a new section of KRS Chapter 100, and amended to read as follows:

(1) (a) Each planning commissioner and board of adjustment member of a planning unit shall, within one (1) year prior to ***his or her*** appointment ***and one (1) year following***~~[, or within one hundred twenty (120) days of]~~ appointment, attend a minimum of ***three (3)***~~[four (4)]~~ hours of orientation training in one (1) or more of the subjects listed in subsection (4) of this section ***and at least one (1) additional hour of training on the impact of planning and zoning policies and procedures on housing supply and accessibility***.

(b) Each planning professional, zoning administrator, and administrative official, and each planning professional's deputies and assistants, shall, within one (1) year prior to being employed, or within one hundred twenty (120) days of employment, attend a minimum of ***seven (7)***~~[eight (8)]~~ hours of orientation training in one (1) or more of the subjects listed in subsection (4) of this section ***and at least one (1) additional hour of training on the impact of planning and zoning policies and procedures on housing supply and accessibility***.

(c) Each of the individuals listed in paragraphs (a) and (b) of this subsection shall certify his or her attendance by a written statement filed with the secretary of his or her respective planning commission within ***thirty (30) days of completing the orientation training required in paragraphs (a) and (b) of this subsection***~~[one hundred forty (140) days of appointment or employment]~~. Each statement shall identify the date of each program attended, its subject matter, location, sponsors, and the time spent in each program.

(2) (a) Each planning commissioner and board of adjustment member of a planning unit shall, within each period of ***four (4)***~~[two (2)]~~ consecutive calendar years, starting at the date of the individual's

appointment, attend no less than ***seven (7)***~~[eight (8)]~~ hours of continuing education in any of the subjects listed in subsection (4) of this section ***and at least one (1) additional hour of training on the impact of planning and zoning policies and procedures on housing supply and accessibility***.

(b) Each planning professional, zoning administrator, and administrative official, and each planning professional's deputies and assistants, shall, within each period of two (2) consecutive calendar years, starting at the date of the individual's appointment, attend no less than ***fifteen (15)***~~[sixteen (16)]~~ hours of continuing education in any of the subjects listed in subsection (4) of this section ***and at least one (1) additional hour of training on the impact of planning and zoning policies and procedures on housing supply and accessibility***.

(c) Each of the individuals listed in paragraphs (a) and (b) of this subsection shall certify his or her attendance by a written statement filed with the secretary of his or her respective planning commission ***within thirty (30) days of completing the continuing education required in paragraphs (a) and (b) of this subsection***~~[by December 31 of each calendar year]~~. Each statement shall identify the date of each program attended, its subject matter, location, sponsors, and the time spent in each program.

(3) The planning commission or the legislative body of the city, county, urban-county ***government***, charter county government, or consolidated local government in which the planning commission has jurisdiction or, in the case of a joint planning unit, has representation in, shall be responsible for providing training as required by subsections (1) and (2) of this section or for providing funding to each planning commissioner, board of adjustment member, full-time planning professional, zoning administrator, administrative official, and planning professional's deputies or assistants so that each individual may obtain training as required by subsections (1) and (2) of this section from other sources.

(4) The subjects for the education required by subsections (1) and (2) of this section shall include~~[,]~~ but not be limited to~~[,]~~ ***any of*** the following: land use planning; zoning; floodplains; transportation; community facilities; ethics; public utilities; wireless telecommunications facilities; parliamentary procedure; public hearing procedure; administrative law; economic development; housing; public buildings; building construction; land subdivision; and powers and duties of the board of adjustment. Other topics reasonably related to the duties of planning officials or planning professionals may be approved by majority vote of the planning commission prior to December 31 of the year for which credit is sought.

(5) Each local planning commission shall keep in its official public records originals of all statements and the written documentation of attendance required in subsection (6) of this section filed with the secretary of the planning commission pursuant to subsections (1)(c) and (2)(c) of this section for three (3) years after the calendar year in which each statement and appurtenant written documentation is filed.

(6) Each planning commissioner, board of adjustment member, full-time planning professional, zoning administrator, administrative official, and planning professional's deputies or assistants shall be responsible for obtaining written documentation signed by a representative of the sponsor of any continuing education course for which credit is claimed, acknowledging the fact that the individual attended the program for which credit is claimed. That documentation shall be filed with the secretary of the planning commission as attachments to the statements required by subsections (1)(c) and (2)(c) of this section.

(7) If a planning commissioner or board of adjustment member fails to:

(a) Complete the requisite number of hours of orientation training and continuing education within the time allotted under subsections (1) and (2) of this section;

(b) File the statement required by subsections (1)(c) and (2)(c) of this section; or

(c) File the documentation required by subsection (6) of this section;

the planning commissioner shall be subject to removal from office according to the provisions of KRS 100.157, and the board of adjustment member shall be subject to removal according to the provisions of KRS 100.217.

(8) No city, county, urban-county ***government***, charter county ***government***, consolidated local government, planning commission, board of adjustment, or any entity performing local planning under KRS Chapter 100, shall employ a planning professional, zoning administrator, administrative official, or a planning professional's deputy or assistant, who fails to complete the requisite number of hours of orientation and continuing education required by subsections (1) and (2) of this section in the capacity of a planning professional, zoning administrator, administrative official, or planning professional's deputy or assistant.

➔Section 2. KRS 100.347 is amended to read as follows:

(1) Any person or entity claiming to be injured or aggrieved by any final action of the board of adjustment ***and that owns real property within the same zone where the property that is the subject of the final action is located*** shall appeal from the action to the Circuit Court of the county in which the property ***that***~~[, which]~~ is the subject of the action of the board of adjustment~~[,]~~ lies. ***The***~~[Such]~~ appeal shall be taken within thirty (30) days after the final action of the board. All final actions which have not been appealed within thirty (30) days shall not be subject to judicial review. The board of adjustment shall be a party in any~~[such]~~ appeal filed in the Circuit Court ***under this subsection***.

(2) Any person or entity claiming to be injured or aggrieved by any final action of the planning commission ***and that owns real property within the same zone where the property that is the subject of the final action is located*** shall appeal from the final action to the Circuit Court of the county in which the property ***that***~~[, which]~~ is the subject of the commission's action~~[,]~~ lies. ***The***~~[Such]~~ appeal shall be taken within thirty (30) days after ***the***~~[such]~~ action ***of the commission***. Such action shall not include the commission's recommendations made to other governmental bodies. All final actions which have not been appealed within thirty (30) days shall not be subject to judicial review. Provided, however, any appeal of a planning commission action granting or denying a variance or conditional use permit authorized by KRS 100.203(5) shall be taken pursuant to this subsection. In such case, the thirty (30) day period for taking an appeal begins to run at the time the legislative body grants or denies the map amendment for the same development. The planning commission shall be a party in any~~[such]~~ appeal filed in the Circuit Court ***under this subsection***.

(3) Any person or entity claiming to be injured or aggrieved by any final action of the legislative body of any city, county, consolidated local government, or urban-county government, relating to a map amendment ***and that owns real property within the same zone where the property that is the subject of the final action is located*** shall appeal from the action to the Circuit Court of the county in which the property ***that***~~[, which]~~ is the subject of the map amendment~~[,]~~ lies. ***The***~~[Such]~~ appeal shall be taken within thirty (30) days after the final action of the legislative body. All final actions which have not been appealed within thirty (30) days shall not be subject to judicial review. The legislative body shall be a party in any~~[such]~~ appeal filed in the Circuit Court ***under this subsection***.

(4) The owner of the subject property and applicants who initiated the proceeding shall be made parties to the appeal. Other persons speaking at the public hearing are not required to be made parties to such appeal.

(5) For purposes of this chapter, final action shall be deemed to have occurred on the calendar date when the vote is taken to approve or disapprove the matter pending before the body.

Signed by Governor March 25, 2025.

CHAPTER 84

(HB 315)

AN ACT relating to the acquisition of agricultural land.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 247 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Agricultural land" has the same meaning as in 7 U.S.C. sec. 3508;

(b) "Fiduciary" has the same meaning as in KRS 131.010;

(c) "Foreign agent" has the same meaning as in 18 U.S.C. sec. 1839;

(d) "Foreign business" has the same meaning as in 26 C.F.R. sec. 301.7701-5;

(e) "Nonresident alien" has the same meaning as in 26 C.F.R. sec. 1.871-2; and

(f) "Trustee" has the same meaning as in KRS 218A.405.

(2) Notwithstanding any other provision of law to the contrary, except as provided in subsections (3) to (5) of this section, on or after the effective date of this Act, a nonresident alien, foreign business, foreign agent, trustee, or fiduciary who has a legal relationship with or is legally bound to take instruction from or execute decisions for the government of any proscribed country referenced in 22 C.F.R. sec. 126.1, as amended, shall be prohibited from:

(a) The purchase, lease, or acquisition of any interest in public or private agricultural land located in the Commonwealth of Kentucky; and

(b) Participation in programs administered by the Department of Agriculture, Agricultural Development Board, and Kentucky Agricultural Finance Corporation.

(3) Any agricultural land purchased, leased, or acquired by a nonresident alien, foreign business, foreign agent, trustee, or fiduciary who has a legal relationship with or is legally bound to take instruction from or execute decisions for the government of any proscribed country referenced in 22 C.F.R. sec. 126.1, as amended, prior to the effective date of this Act may continue to own or hold the agricultural land, but shall not purchase, lease, or acquire any additional agricultural land or interest in agricultural land in this Commonwealth.

(4) Any entity that has a national security agreement with the Committee on Foreign Investment in the United States and continues to maintain that national security agreement may purchase, lease, or acquire a maximum of three hundred fifty (350) acres of agricultural land for the purposes of:

(a) Agricultural research and development; or

(b) Experimental purposes, including testing, development, or production of any crop production inputs for sale or resale to farmers, including but not limited to:

1. Seeds;

2. Plants;

3. Pesticides;

4. Soil amendments;

5. Biologicals; or

6. Fertilizers.

(5) A nonresident alien, foreign business, foreign agent, trustee, or fiduciary may own, purchase, hold, or develop agricultural land for immediate or potential nonagricultural use in an amount necessary for the conduct of its nonagricultural business operation, including the filing of any permit or application to any state or federal agency having jurisdiction over the project for permitting purposes, provided that:

(a) Development of the nonagricultural business operation has been completed within five (5) years from acquiring the land. Failure to develop the land within that time shall be deemed a violation of this section; and

(b) The agricultural land shall not be used for farming, except under lease to a family farm unit, family farm corporation, or an authorized farm corporation, pending the development of the agricultural land for a nonagricultural use.

(6) Nothing in this section shall prohibit an existing foreign business located in the Commonwealth who has a legal relationship with, or is legally bound to take instruction from or execute decisions for, the government of any proscribed country referenced in 22 C.F.R. sec. 126.1, as amended, from purchasing, leasing, or acquiring agricultural land adjacent to the land that the foreign business owns and operates in order to expand the operation of its business.

(7) Nothing in this section shall exempt a nonresident alien, foreign business, foreign agent, trustee, or fiduciary who has a legal relationship with or is legally bound to take instruction from or execute decisions for the government of any proscribed country referenced in 22 C.F.R. sec. 126.1, as amended, from:

(a) The provisions of the Agricultural Foreign Investment Disclosure Act, 7 U.S.C. sec. 3501 et seq., and its accompanying regulations at 7 C.F.R. pt. 781 et seq., or any amendments thereto; and

(b) Filing a copy of the report required by 7 U.S.C. sec. 3501 et seq. and its accompanying regulations at 7 C.F.R. pt. 781 et seq., or amendments thereto, with the Department of Agriculture within the time period specified therein.

(8) The Department of Agriculture shall review any report:

(a) Received in accordance with subsection (7) of this section; or

(b) Voluntarily submitted by a county register of deeds alleging a violation of this section.

(9) If the Department of Agriculture has reason to believe that a violation of this section may have occurred, the department shall refer evidence of noncompliance to the Office of the Attorney General, which shall investigate the evidence for violations of this section. The Office of the Attorney General may bring an action pursuant to KRS Chapter 15 to enforce the provisions of this section.

(10) (a) If the court finds that agricultural land has been purchased or acquired in violation of this section, then the court shall declare the agricultural land escheated to the state and order the sale of the agricultural land in the manner provided by law for the judicial foreclosure of a mortgage on real estate for default of payment. The proceeds of the sale of the agricultural land pursuant to this paragraph through judicial foreclosure shall be disbursed in the following order:

1. Recovery of reasonable costs of litigation by the Office of the Attorney General, as determined by the court and approved by the secretary of the Finance and Administration Cabinet;

2. Payment of delinquent ad valorem taxes;

3. Payment to mortgage and other lien holders, in the priority determined by the court; and

4. Deposit in the budget reserve trust fund.

(b) If the court finds that agricultural land has been leased in violation of this section, then the court shall rescind the lease and it shall be rendered null and void.

Signed by Governor March 25, 2025.

CHAPTER 85

(SB 27)

AN ACT relating to health care.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 214 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Advisory committee" means the Kentucky Parkinson's Disease Research Registry Advisory Committee established under subsection (3) of this section;

(b) "Cabinet" means the Cabinet for Health and Family Services;

(c) "Movement disorder center" means a health facility licensed under KRS Chapter 216B that operates outpatient clinics or ambulatory care facilities that employ movement disorder health care providers;

(d) "Movement disorder health care provider" means a licensed physician or osteopath licensed under KRS Chapter 311 that is fellowship trained in movement disorders as specified by either the American Academy of Neurology's Movement Disorders section or the Movement Disorder Society's Pan American Section;

(e) "Parkinson's disease" means a chronic and progressive neurologic disorder resulting from a deficiency of the neurotransmitter dopamine as a consequence of specific degenerative changes in the area of the brain called the basal ganglia characterized by tremor at rest, slow movements, muscle rigidity, stooped posture, and unsteady or shuffling gait;

(f) "Parkinsonisms":

1. Means Parkinson's disease-related conditions that cause a combination of movement abnormalities such as tremor at rest, slow movement, muscle rigidity, impaired speech, and muscle stiffness, which often overlap with and can evolve from what appears to be Parkinson's disease; and

2. Includes multiple system atrophy, dementia with Lewy bodies, corticobasal degeneration, and progressive supranuclear palsy;

(g) "Registry" means the Kentucky Parkinson's Disease Research Registry established in subsection (2) of this section; and

(h) "Secretary" means the secretary of the cabinet.

(2) The Kentucky Parkinson's Disease Research Registry is hereby established within the cabinet under the direction of the secretary, who may enter into contracts, grants, or other agreements as necessary to administer the registry in accordance with this section.

(3) (a) The secretary shall establish the Kentucky Parkinson's Disease Research Registry Advisory Committee to assist in the development and implementation of the registry, determine what data will be collected, and advise the cabinet.

(b) The advisory committee shall be appointed by the secretary and include at least one (1):

1. Neurologist;

2. Movement disorder specialist;

3. Primary care provider;

4. Physician informaticist;

5. Patient living with Parkinson's disease;

6. Public health professional;

7. Population health researcher familiar with health data registries;

8. Parkinson's disease researcher;

9. Representative from the University of Kentucky College of Medicine with specific expertise in Parkinson's disease; and

10. Representative from the University of Louisville School of Medicine with specific expertise in Parkinson's disease.

The secretary may appoint additional members to the advisory committee as he or she deems necessary.

(4) The cabinet shall:

(a) Promulgate administrative regulations in consultation with the advisory committee and in accordance with KRS Chapter 13A to:

1. Designate Parkinson's disease and identified Parkinsonisms as diseases that are required to be reported to the cabinet;

2. Establish a system of collection and dissemination of information on the incidence and prevalence of Parkinson's disease and Parkinsonisms in Kentucky and related epidemiological data;

3. Identify specific data points to be collected based on the following four (4) core categories of data:

a. Patient demographics;

b. Geography;

c. Diagnosis; and

d. Sufficient information to allow for deduplication of patient records in the registry;

4. Periodically review and revise data points to be collected to ensure data and data collection procedures adapt to new knowledge and technology;

5. Establish a coding system that removes a patient's name, address, Social Security number, fingerprints, photograph, and any other information by which the identity of a patient can be determined with reasonable accuracy; and

6. Develop guidelines and procedures for reviewing and approving requests to use registry data for valid scientific research;

(b) Receive and collect data for the registry on the incidence and prevalence of Parkinson's disease and Parkinsonisms in Kentucky and related epidemiological data, and may enter into data-sharing contracts with data-reporting entities and their associated medical record system vendors to securely and confidentially receive information related to Parkinson's disease testing, diagnosis, and treatment; and

(c) Be responsible for any costs incurred in administering the registry and implementing this section.

(5) (a) Beginning January 1, 2026, each movement disorder center that treats a patient with Parkinson's disease and each movement disorder health care provider who treats or diagnoses Parkinson's disease or Parkinsonisms for a patient not otherwise reported shall submit a Parkinson's disease report to the cabinet in a format required or approved by the cabinet.

(b) 1. Movement disorder centers and movement disorder health care providers shall provide each patient diagnosed with Parkinson's disease or Parkinsonisms with a notice regarding the reporting and collection of information and patient data on Parkinson's disease.

2. A patient who does not wish to participate in the collection of data for the purposes of research in the registry may affirmatively opt out in writing after an opportunity to review the documents and ask questions.

3. If a patient has chosen not to participate and has opted out under subparagraph 2. of this paragraph, the movement disorder center and the movement disorder health care provider shall only report that a Parkinson's disease case exists and no further data shall be reported to the cabinet for the purposes of the registry.

4. If a patient has been diagnosed with Parkinson's disease or Parkinsonsisms in error, the movement disorder center and the movement disorder health care provider shall notify the cabinet and the cabinet shall remove the patient from the registry.

(c) To ensure compliance with the reporting and notification requirements of this subsection, the secretary or his or her agent may, upon reasonable notice, inspect a representative sample of the medical records of patients admitted, diagnosed, or treated for Parkinson's disease or Parkinsonisms at a movement disorder center.

(d) A movement disorder center or movement disorder health care provider who in good faith submits a report in accordance with paragraph (a) of this subsection is not liable in any cause of action arising from the submission of the report.

(e) A movement disorder center or movement disorder health care provider may use automated reporting methods supplied by the cabinet or the Kentucky Health Information Exchange to meet the requirements of this subsection.

(6) The cabinet shall make data from the registry, with or without identifiers, available to researchers that have the approval of an institutional review board in accordance with requirements of the Federal Policy for the Protection of Human Subjects, 45 C.F.R. pt. 46, and, as applicable, 21 C.F.R. pt. 56, 45 C.F.R. pt. 164, KRS 216.2920 to 216.2929, 900 KAR 7:030 and 7:040, and any other relevant federal or state requirements.

(7) (a) The cabinet may enter into agreements to furnish data collected in the registry to other states' Parkinson's disease registries, federal Parkinson's disease control agencies, local health officers, or health researchers not described in subsection (6) of this section for the study of Parkinson's disease.

(b) Before confidential information is disclosed pursuant to paragraph (a) of this subsection, the out-of-state registry, agency, officer, or researcher shall agree in writing to maintain the confidentiality of the information. A researcher shall also:

1. Obtain approval of the researcher's respective committee for the protection of human subjects under 45 C.F.R. pt. 46; and

2. Provide documentation to the cabinet that demonstrates to the cabinet's satisfaction that the researcher has established the procedures and ability to maintain the confidentiality of the information.

(8) (a) Except as specifically provided in this section, all information collected pursuant to this section shall be confidential.

(b) Notwithstanding any other provision of law, a disclosure authorized by this section shall include only the information necessary for the stated purpose of the requested disclosure, used for the approved purpose, and not be further disclosed.

(c) Provided the security of confidentiality has been documented, the furnishing of confidential information to the cabinet or its authorized representative in accordance with this section shall not expose any person, agency, or entity furnishing information to liability, and shall not be considered a waiver of any privilege or a violation of a confidential relationship.

(d) The cabinet shall maintain an accurate record of all persons who are given access to information collected by the cabinet pursuant to this section, which shall include:

1. The name of the person authorizing access;

2. Name, title, address, and organizational affiliation of persons given access;

3. Dates of access; and

4. The specific purpose for which accessed information is to be used.

The record of access shall be open to public inspection during normal operating hours of the cabinet.

(e) Notwithstanding any other provision of law, information collected by the cabinet pursuant to this section shall not be:

1. Available for subpoena or disclosed, discoverable, or compelled to be produced in any civil, criminal, administrative, or other proceeding; or

2. Deemed admissible as evidence in any civil, criminal, administrative, or other proceeding for any reason.

(9) This section does not:

(a) Prohibit the publication by the cabinet of reports and statistical compilations that do not in any way identify individual patients, cases, or sources of information;

(b) Restrict in any way a patient's access to his or her own information; or

(c) Prohibit movement disorder center or movement disorder health care providers from maintaining their own facility-based Parkinson's disease registries.

(10) (a) Nothing in this section shall be deemed to compel any individual to submit to any medical examination or supervision by the cabinet, any of its authorized representatives, or an approved researcher.

(b) A person who seeks information or obtains registry data pursuant to this section shall not contact a patient on the registry or the patient's family unless the cabinet has first obtained permission for the contact from the patient or the patient's family.

(11) The cabinet shall provide notice of the mandatory reporting of Parkinson's disease and Parkinsonisms required under this section on its website and to professional associations representing movement disorder center and movement disorder health care providers.

(12) (a) By October 1, 2027, and October 1 of each year thereafter, the cabinet shall submit to the Legislative Research Commission for referral to the Interim Joint Committee on Health Services a yearly program summary update that includes:

1. The incidence and prevalence of Parkinson's disease and Parkinsonisms in the state by county;

2. The number of records that have been reported to the cabinet and included in the registry; and

3. Demographic information, including but not limited to patients' age, gender, and race.

(b) In consultation with the advisory committee, the cabinet may include recommendations on necessary changes to the registry in the yearly program summary update.

(c) The cabinet shall publish the yearly program summary update in a downloadable format on the website created under subsection (13) of this section.

(13) By October 1, 2027, the cabinet shall create, and update annually thereafter, the Kentucky Parkinson's Disease Research Registry website where the public can find information related to the Parkinson's disease and the registry, the yearly program summary update, and any other information deemed relevant by the advisory committee.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 311A IS CREATED TO READ AS FOLLOWS:

(1) As used in this section, "resident" includes newly admitted residents who require transportation from a hospital to a skilled nursing facility.

(2) A skilled nursing facility or hospital that operates a nonemergency medical transportation service shall be permitted to transport residents of a skilled nursing facility or hospital who qualify for nonemergency medical transportation, including transportation via stretcher.

(3) Notwithstanding subsection (2) of this section:

(a) Prior to a skilled nursing facility or hospital being permitted to provide nonemergency medical transportation services to a resident, including transportation via stretcher, the contracted transportation broker responsible for providing nonemergency medical transportation services shall be given the opportunity to schedule transportation services for the resident; and

(b) Nonemergency medical transportation provided by a skilled nursing facility or hospital, including transportation via stretcher, under this section shall not be eligible for reimbursement by the Department for Medicaid Services or any managed care organization with whom the department contracts for the delivery of Medicaid services.

(4) This section shall not be interpreted as prohibiting or otherwise precluding a skilled nursing facility or hospital from becoming a contracted nonemergency medical transportation services provider.

Signed by Governor March 25, 2025.

CHAPTER 86

(SB 68)

AN ACT relating to education.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 158.645 is amended to read as follows:

The General Assembly recognizes that public education involves shared responsibilities. State government, local communities, parents, students, and school employees must work together to create an efficient public school system ***to achieve excellence in education***. Parents and students must assist schools with efforts to assure student attendance, preparation for school, and involvement in learning. The cooperation of all involved is necessary to assure that desired outcomes are achieved. It is the intent of the General Assembly to create a system of public education which shall allow and assist all students to acquire the following capacities:

(1) ***Literacy, including*** communication skills necessary to function in a complex and changing ***world***~~[civilization]~~;

(2) Knowledge to make ***wise*** economic, social, ***career,*** and political choices;

(3) Core values and qualities of good character to make moral and ethical decisions throughout~~[his or her]~~ life;

(4) Understanding of ***our constitutional republic, the three (3) branches of government, and how government impacts citizens,*** ~~[governmental processes as they affect]~~ the community, the state, and the nation;

(5) Sufficient self-knowledge and knowledge of ***the student's own*** ~~[his]~~ mental and physical wellness;

(6) Sufficient grounding in the arts to enable each student to appreciate ***the student's own*** ~~[his or her]~~ cultural and historical heritage;

(7) Sufficient preparation to choose and pursue ***the student's*** ~~[his]~~ life's work intelligently; and

(8) Skills to enable ***each student*** ~~[him]~~ to compete ***competitively*** ~~[favorably]~~ with students in other states.

➔Section 2. KRS 158.6451 is amended to read as follows:

(1) The General Assembly finds, declares, and establishes that:

(a) Schools shall expect a high level of ***academic*** achievement of all students***;*** ~~[.]~~

(b) Schools shall develop their students' ability to:

1. Use ~~[basic]~~ communication and mathematics skills for purposes and situations they will encounter throughout their lives;

2. Apply core concepts and principles from mathematics, the sciences, the arts, the humanities, social studies, ***civics,*** and practical living studies to situations they will encounter throughout their lives;

3. Become self-sufficient individuals of good character exhibiting the qualities of altruism, citizenship, courtesy, hard work, honesty, human worth, justice, knowledge, patriotism, respect, responsibility, and self-discipline;

4. Become responsible members of a family, work group, or community, including demonstrating effectiveness in community service;

5. Think ***critically, creatively, and independently to*** ~~[and]~~ solve problems in school situations and in a variety of situations they will encounter in life;

6. Connect and integrate experiences and new knowledge from all subject matter fields with what they have previously learned and build on past learning experiences to acquire new information through various media sources; and

7. Express their creative talents and interests in visual arts, music, dance, and dramatic arts***;*** ~~[.]~~

(c) Schools shall increase their students' rate of school attendance***;*** ~~[.]~~

(d) Schools shall increase their students' graduation rates and reduce their students' dropout and retention rates***;*** ~~[.]~~

(e) Schools shall reduce physical and mental health barriers to learning***; and*** ~~[.]~~

(f) Schools shall be measured on the proportion of students who make a successful transition to work, post-secondary education, and ~~[the]~~military ***service***.

(2) The Kentucky Board of Education shall disseminate to local school districts and schools a model curriculum framework which is directly tied to the goals, outcomes, and assessment strategies developed pursuant to this section and KRS 158.645 and 158.6453. The framework shall provide direction to local districts and schools as they develop their curriculum. The framework shall identify teaching and assessment strategies, instructional material resources, ideas on how to incorporate the resources of the community, a directory of model teaching sites, alternative ways of using school time, and strategies to incorporate character education throughout the curriculum.

➔Section 3. KRS 156.010 is amended to read as follows:

(1) The commissioner of education shall be the chief executive of the Department of Education. The commissioner shall be responsible for administering, structuring, and organizing the department and its services***,*** including ~~[,]~~ but not limited to ~~[,]~~ the following:

(a) Technical assistance with curriculum design, school administration and finance, computer and technology services, media services, community education, ***career and technical*** ~~[secondary vocational]~~

education, ***STEM education as defined in KRS 158.845,*** education for exceptional children, and professional development;

(b) Compensatory education;

(c) Research and planning, which shall include, but not be limited to, a statewide research and development effort to identify or develop the best educational practices to be used in the public schools of the Commonwealth. Appropriations for this purpose may be used within the department or for contracting with other individuals, agencies, universities, laboratories, or organizations;

(d) Kentucky School for the Blind and the Kentucky School for the Deaf;

(e) Performance and outcome assessments;

(f) Monitoring the management of school districts, including administration and finance, implementation of state laws and regulations, and student performance; and

(g) Implementing state laws and the policies promulgated thereunder by the Kentucky Board of Education and the Education Professional Standards Board.

(2) The commissioner of education may delegate~~[to his assistants]~~ any authority to act ***on the commissioner's behalf*** ~~[for him]~~ in the supervision, inspection, and administration of the schools to the extent ***the commissioner*** ~~[he]~~ has supervisory and administrative control.

(3) All employees of the Department of Education shall be reimbursed for necessary traveling expenses incurred in the performance of their official duties, and no part of the reimbursement shall be included in or accounted as a part of their salaries.

(4) The State Department of Education, in the operation and management of its schools and the programs at these schools, shall meet all required federal and state standards relating to facilities and personnel qualifications; however, no license or license fee shall be required for any school or program operated by the State Department of Education.

(5) The Department of Education shall be the sole state agency for the purpose of developing and approving state plans required by state or federal laws and regulations as prerequisites to receiving federal funds for elementary and secondary education.

➔Section 4. KRS 160.345 is amended to read as follows:

(1) For the purpose of this section:

(a) "Minority" means American Indian; Alaskan native; African-American; Hispanic, including persons of Mexican, Puerto Rican, Cuban, and Central or South American origin; Pacific islander; or other ethnic group underrepresented in the school;

(b) "School" means an elementary or secondary educational institution that is under the administrative control of a principal and is not a program or part of another school. The term "school" does not include district-operated schools that are:

1. Exclusively vocational-technical, special education, or preschool programs;

2. Instructional programs operated in institutions or schools outside of the district; or

3. Alternative schools designed to provide services to at-risk populations with unique needs;

(c) "Teacher" means any person for whom certification is required as a basis of employment in the public schools of the state, with the exception of principals and assistant principals; and

(d) "Parent" means:

1. A parent, stepparent, or foster parent of a student; or

2. A person who has legal custody of a student pursuant to a court order and with whom the student resides.

(2) Each local board of education shall adopt a policy for implementing school-based decision making in the district which shall include but not be limited to a description of how the district's policies, including those developed pursuant to KRS 160.340, have been amended to allow the professional staff members of a school to be involved in the decision-making process as they work to meet educational goals established in KRS 158.645 and 158.6451. The policy may include a requirement that each school council make an annual report

at a public meeting of the board describing the school's progress in meeting the educational goals set forth in KRS 158.6451 and district goals established by the board. The policy shall also address and comply with the following:

(a) Except as provided in paragraph (b)2. of this subsection, each participating school shall form a school council composed of two (2) parents, three (3) teachers, and the principal or administrator. The membership of the council may be increased, but it may only be increased proportionately. A parent representative on the council shall not be an employee or a relative of an employee of the school in which that parent serves, nor shall the parent representative be an employee or a relative of an employee in the district administrative offices. A parent representative shall not be a local board member or a board member's spouse. None of the members shall have a conflict of interest pursuant to KRS Chapter 45A, except the salary paid to district employees;

(b) 1. The teacher representatives shall be elected for one (1) year terms by a majority of the teachers. A teacher elected to a school council shall not be involuntarily transferred during ***the teacher representative's*** ~~[his or her]~~ term of office. The parent representatives shall be elected for one (1) year terms. The parent members shall be elected by the parents of students preregistered to attend the school during the term of office in an election conducted by the parent and teacher organization of the school or, if none exists, the largest organization of parents formed for this purpose. Council elections may allow voting to occur over multiple days and via electronic means. A school council, once elected, may adopt a policy setting different terms of office for parent and teacher members subsequently elected. The principal shall be the chair of the school council.

2. School councils in schools having eight percent (8%) or more minority students enrolled, as determined by the enrollment on the preceding October 1, shall have at least one (1) minority member. If the council formed under paragraph (a) of this subsection does not have a minority member, the principal, in a timely manner, shall be responsible for carrying out the following:

a. Organizing a special election to elect an additional member. The principal shall call for nominations and shall notify the parents of the students of the date, time, and location of the election to elect a minority parent to the council by ballot; and

b. Allowing the teachers in the building to select one (1) minority teacher to serve as a teacher member on the council. If there are no minority teachers who are members of the faculty, an additional teacher member shall be elected by a majority of all teachers. Term limitations shall not apply for a minority teacher member who is the only minority on faculty;

(c) 1. The school council shall have the responsibility to set school policy that shall be consistent with district board policy and which shall provide an environment to enhance the students' achievement and help the school meet the goals established by KRS 158.645 and 158.6451 and goals for the district established by the board. The principal shall be the primary administrator and the instructional leader of the school, and with the assistance of the total school staff shall administer the policies established by the school council and the local board.

2. If a school council establishes committees, it shall adopt a policy to facilitate the participation of interested persons, including, but not limited to, classified employees and parents. The policy shall include the number of committees, their jurisdiction, composition, and the process for membership selection;

(d) The school council and each of its committees shall determine the frequency of and agenda for their meetings. Matters relating to formation of school councils that are not provided for by this section shall be addressed by local board policy;

(e) The meetings of the school council shall be open to the public and all interested persons may attend. However, the exceptions to open meetings provided in KRS 61.810 shall apply;

(f) After receiving notification of the funds available for the school from the local board, the school council shall determine, within the parameters of the total available funds, the number of persons to be employed in each job classification at the school. The council may make personnel decisions on vacancies occurring after the school council is formed but shall not have the authority to recommend transfers or dismissals;

(g) The local superintendent shall determine which curriculum, textbooks, instructional materials, and student support services shall be provided in the school after consulting with the local board of education, the school principal, and the school council and after a reasonable review and response period for stakeholders in accordance with local board of education policy. Subject to available resources, the local board shall allocate an appropriation to each school that is adequate to meet the school's needs related to instructional materials and school-based student support services, as determined by the school principal after consultation with the school council. The school council shall consult with the school media librarian on the maintenance of the school library media center, including the purchase of instructional materials, information technology, and equipment;

(h) Personnel decisions at the school level shall be as follows:

1. From a list of qualified applicants submitted by the local superintendent, the principal at the participating school shall select personnel to fill vacancies, after consultation with the school council, consistent with paragraph (i)11. of this subsection. The superintendent shall provide additional applicants to the principal upon request when qualified applicants are available. The superintendent may forward to the school principal the names of qualified applicants who have pending certification from the Education Professional Standards Board based on recent completion of preparation requirements, out-of-state preparation, or alternative routes to certification pursuant to KRS 161.028 and 161.048. Requests for transfer shall conform to any employer-employee bargained contract which is in effect;

2. If the vacancy to be filled is the position of principal:

   a. The superintendent shall fill the vacancy after consultation with the school council consistent with paragraph (i)11. of this subsection;

   b. Prior to consultation with the school council, each member shall sign a nondisclosure agreement forbidding the disclosure of information shared and discussions held during consultation;

   c. A person who believes a violation of the nondisclosure agreement referred to in subdivision b. of this subparagraph has occurred may file a written complaint with the Kentucky Board of Education; and

   d. A school council member found to have violated the nondisclosure agreement referred to in subdivision b. of this subparagraph may be subject to removal from the school council by the Kentucky Board of Education under subsection (9)(e) of this section;

3. Notwithstanding subparagraph 2. of this paragraph, if the vacancy to be filled is the position of principal in a county school district in a county with a consolidated local government adopted under KRS Chapter 67C, then:

   a. The outgoing principal shall not serve on the council during the principal selection process. The superintendent or the superintendent's designee shall serve as the chair of the council for the purpose of the hiring process and shall have voting rights during the selection process;

   b. The council shall have access to the applications of all persons certified for the position. The principal shall be elected on a majority vote of the membership of the council. The school council shall receive training in recruitment and interviewing techniques prior to carrying out the process of selecting a principal. The council shall select the trainer to deliver the training; and

   c. Notwithstanding the requirement that a principal be elected by a majority vote of the council, the selection of a principal shall be subject to approval by the superintendent. If the superintendent does not approve the principal selected by the council, then the superintendent may select the principal;

4. No principal who has been previously removed from a position in the district for cause may be considered for appointment as principal in that district;

5. Personnel decisions made at the school level under the authority of subparagraph 1. of this paragraph shall be binding on the superintendent who completes the hiring process;

6. Applicants subsequently employed shall provide evidence that they are certified prior to assuming the duties of a position in accordance with KRS 161.020; and

7. Notwithstanding other provisions of this paragraph, if the applicant is the spouse of the superintendent and the applicant meets the service requirements of KRS 160.380(3)(a), the applicant shall only be employed upon the recommendation of the principal and the approval of a majority vote of the school council;

(i) The school council shall adopt a policy that shall be consistent with local board policy and shall be implemented by the principal in the following additional areas:

1. Curriculum responsibilities under KRS 158.6453(19);

2. Assignment of all instructional and noninstructional staff time;

3. Assignment of students to classes and programs within the school;

4. Determination of the schedule of the school day and week, subject to the beginning and ending times of the school day and school calendar year as established by the local board;

5. Determination of use of school space during the school day related to improving classroom teaching and learning;

6. Planning and resolution of issues regarding instructional practices;

7. Selection and implementation of discipline and classroom management techniques as a part of a comprehensive school safety plan, including responsibilities of the student, parent, teacher, counselor, and principal;

8. Selection of extracurricular programs and determination of policies relating to student participation based on academic qualifications and attendance requirements, program evaluation, and supervision;

9. Adoption of an emergency plan as required in KRS 158.162;

10. Procedures, consistent with local school board policy, for determining alignment with state standards, technology utilization, and program appraisal; and

11. Procedures to assist the council with consultation in the selection of the principal by the superintendent, and the selection of personnel by the principal, including but not limited to meetings, timelines, interviews, review of written applications, and review of references. Procedures shall address situations in which members of the council are not available for consultation; and

(j) Each school council shall annually review data as shown on state and local student assessments required under KRS 158.6453. The data shall include but not be limited to information on performance levels of all students tested, and information on the performance of students disaggregated by race, gender, disability, and participation in the federal free and reduced price lunch program. After completing the review of data, each school council, with the involvement of parents, faculty, and staff, shall develop and adopt a plan to ensure that each student makes progress toward meeting the goals set forth in KRS 158.645 and 158.6451(1)(b) by April 1 of each year and submit the plan to the superintendent and local board of education for review as described in KRS 160.340. The Kentucky Department of Education shall provide each school council the data needed to complete the review required by this paragraph no later than October 1 of each year. If a school does not have a council, the review shall be completed by the principal with the involvement of parents, faculty, and staff.

(3) The policies adopted by the local board to implement school-based decision making shall also address the following:

(a) School budget and administration, including: discretionary funds; activity and other school funds; funds for maintenance, supplies, and equipment; and procedures for authorizing reimbursement for training and other expenses;

(b) Assessment of individual student progress, including testing and reporting of student progress to students, parents, the school district, the community, and the state;

(c) School improvement plans, including the form and function of strategic planning and its relationship to district planning, as well as the school safety plan and requests for funding from the Center for School Safety under KRS 158.446;

(d) Professional development plans developed pursuant to KRS 156.095;

(e) Parent, citizen, and community participation including the relationship of the council with other groups;

(f) Cooperation and collaboration within the district, with other districts, and with other public and private agencies;

(g) Requirements for waiver of district policies;

(h) Requirements for record keeping by the school council; and

(i) A process for appealing a decision made by a school council.

(4) In addition to the authority granted to the school council in this section, the local board may grant to the school council any other authority permitted by law. The board shall make available liability insurance coverage for the protection of all members of the school council from liability arising in the course of pursuing their duties as members of the council.

(5) All schools shall implement school-based decision making in accordance with this section and with the policy adopted by the local board pursuant to this section. Upon favorable vote of a majority of the faculty at the school and a majority of at least twenty-five (25) voting parents of students enrolled in the school, a school meeting its goal as determined by the Department of Education pursuant to KRS 158.6455 may apply to the Kentucky Board of Education for exemption from the requirement to implement school-based decision making, and the state board shall grant the exemption. The voting by the parents on the matter of exemption from implementing school-based decision making shall be in an election conducted by the parent and teacher organization of the school or, if none exists, the largest organization of parents formed for this purpose. Notwithstanding the provisions of this section, a local school district shall not be required to implement school-based decision making if the local school district contains only one (1) school.

(6) The Department of Education shall provide professional development activities to assist schools in implementing school-based decision making. School council members elected for the first time shall complete a minimum of six (6) clock hours of training in the process of school-based decision making, no later than thirty (30) days after the beginning of the service year for which they are elected to serve. School council members who have served on a school council at least one (1) year shall complete a minimum of three (3) clock hours of training in the process of school-based decision making no later than one hundred twenty (120) days after the beginning of the service year for which they are elected to serve. Experienced members may participate in the training for new members to fulfill their training requirement. School council training required under this subsection shall be conducted by trainers endorsed by the Department of Education. By November 1 of each year, the principal through the local superintendent shall forward to the Department of Education the names and addresses of each council member and verify that the required training has been completed. School council members elected to fill a vacancy shall complete the applicable training within thirty (30) days of their election.

(7) A school that chooses to have school-based decision making but would like to be exempt from the administrative structure set forth by this section may develop a model for implementing school-based decision making, including but not limited to a description of the membership, organization, duties, and responsibilities of a school council. The school shall submit the model through the local board of education to the commissioner of education and the Kentucky Board of Education, which shall have final authority for approval. The application for approval of the model shall show evidence that it has been developed by representatives of the parents, students, certified personnel, and the administrators of the school and that two-thirds (2/3) of the faculty have agreed to the model.

(8) The Kentucky Board of Education, upon recommendation of the commissioner of education, shall adopt by administrative regulation a formula by which school district funds shall be allocated to each school council. Included in the school council formula shall be an allocation for professional development that is at least sixty-five percent (65%) of the district's per pupil state allocation for professional development for each student in average daily attendance in the school. The school council shall plan professional development in compliance with requirements specified in KRS 156.095, except as provided in KRS 158.649. School councils of small schools shall be encouraged to work with other school councils to maximize professional development opportunities.

(9) (a) No board member, superintendent of schools, district employee, or member of a school council shall intentionally engage in a pattern of practice which is detrimental to the successful implementation of or circumvents the intent of school-based decision making to allow the professional staff members of a school and parents to be involved in the decision making process in working toward meeting the educational goals established in KRS 158.645 and 158.6451 or to make decisions in areas of policy assigned to a school council pursuant to paragraph (i) of subsection (2) of this section.

(b) An affected party who believes a violation of this subsection has occurred may file a written complaint with the Office of Education Accountability. The office shall investigate the complaint and resolve the conflict, if possible, or forward the matter to the Kentucky Board of Education.

(c) The Kentucky Board of Education shall conduct a hearing in accordance with KRS Chapter 13B for complaints referred by the Office of Education Accountability.

(d) If the state board determines a violation has occurred, the party shall be subject to reprimand. A second violation of this subsection may be grounds for removing a superintendent or a member of a school council from office or grounds for dismissal of an employee for misconduct in office or willful neglect of duty.

(e) Notwithstanding paragraph (d) of this subsection and KRS 7.410(2)(c), if the state board determines a violation of the nondisclosure agreement required by subsection (2)(h)2.b. of this section by a school council member has occurred, the state board shall remove the member from the school council, and the member shall be permanently prohibited from serving on any school council in the district.

(10) Notwithstanding subsections (1) to (9) of this section, a school's right to establish or maintain a school-based decision making council and the powers, duties, and authority granted to a school council may be rescinded or the school council's role may be advisory if the commissioner of education or the Kentucky Board of Education takes action under KRS 160.346.

(11) Each school council of a school containing grades K-5 or any combination thereof, or if there is no school council, the principal, shall develop and implement a wellness policy that includes moderate to vigorous physical activity each day and encourages healthy choices among students. The policy may permit physical activity to be considered part of the instructional day, not to exceed thirty (30) minutes per day, or one hundred and fifty (150) minutes per week. Each school council, or if there is no school council, the principal, shall adopt an assessment tool to determine each child's level of physical activity on an annual basis. The council or principal may utilize an existing assessment program. The Kentucky Department of Education shall make available a list of available resources to carry out the provisions of this subsection. The department shall report to the Legislative Research Commission no later than November 1 of each year on how the schools are providing physical activity under this subsection and on the types of physical activity being provided. The policy developed by the school council or principal shall comply with provisions required by federal law, state law, or local board policy.

➔Section 5. KRS 157.065 is amended to read as follows:

(1) Any school that does not offer a school breakfast program shall submit an annual report no later than September 15 to the Kentucky Board of Education indicating the reasons for not offering the program. The report shall include the number of children enrolled at the school and the number of children who are eligible for free or reduced priced meals under the federal program.

(2) The state board shall inform the school of the value of the school breakfast program, its favorable effects on student attendance and performance, and the availability of funds to implement the program.~~[~~

~~(3) The commissioner of education shall submit an annual report no later than December 1 to the Interim Joint Committee on Education regarding the status of the school breakfast program including, but not limited to, information describing the schools that do not offer the program, the reasons given by the schools for not offering the program, the number of children enrolled in each school, the number of children in each school who are eligible for free or reduced priced meals under the federal program, and the action taken by the state board to encourage schools to implement the program.]~~

➔Section 6. KRS 424.250 is amended to read as follows:

At the same time that copies of the budget of a school district are filed with the clerk of the tax levying authority for the district, as provided in KRS 160.470, the board of education of the district shall cause the budget to be advertised for the district by publishing a copy of the budget in a newspaper ***and on the district's website***.

➔Section 7. KRS 158.4414 is amended to read as follows:

(1) Local boards of education, school district superintendents, administrators of state-controlled facilities, and local and state law enforcement agencies shall cooperate to assign one (1) or more certified school resource officers to serve each campus where one (1) or more school buildings are used to deliver instruction to students on a continuous basis.

(2) Local boards of education shall ensure, for each campus in the district, that at least one (1) certified school resource officer is assigned to and working on-site full-time in the school building or buildings on the campus. If sufficient funds and qualified personnel are not available for this purpose for every campus, the local board of education shall fulfill the requirements of this subsection on a per campus basis, as approved in writing by the state school security marshal, until a certified school resource officer is assigned to and working on-site full-time on each campus in the district.

(3) Beginning with the ***2026-2027*** ~~[2025-2026]~~ school year, a local board of education that is unable to meet the requirement of subsection (2) of this section may, after consultation with and approval by the state school security marshal, employ one (1) or more guardians pursuant to KRS 158.4431 to provide safety and security measures for schools within the district. The use of guardians under this subsection shall not be used to replace the certified school resource officer required under subsection (2) of this section, but only to provide safety and security resources until a certified school resource officer is available.

(4) Beginning with the ***2026-2027*** ~~[2025-2026]~~ school year, a local board of education that has met the requirement of subsection (2) of this section may employ one (1) or more guardians pursuant to KRS 158.4431 to provide additional school safety and security measures within the district.

(5) Local boards of education utilizing a school resource officer employed by a law enforcement agency or the Department of Kentucky State Police shall enter into a memorandum of understanding with the law enforcement agency or the Department of Kentucky State Police that specifically states the purpose of the school resource officer program and clearly defines the roles and expectations of each party involved in the program. The memorandum shall provide that the school resource officer shall not be responsible for school discipline matters that are the responsibility of school administrators or school employees.

(6) Local boards of education utilizing a school resource officer employed directly by the local board of education shall adopt policies and procedures that specifically state the purpose of the school resource officer program and clearly define the roles and expectations of school resource officers and other school employees.

(7) In accordance with KRS 61.926, 527.020, and 527.070, as applicable, each school resource officer shall be armed with a firearm, notwithstanding any provision of local board policy, local school council policy, or memorandum of agreement.

(8) The Kentucky Law Enforcement Council, in collaboration with the Center for School Safety, shall promulgate administrative regulations in accordance with KRS Chapter 13A to establish, update, and maintain three (3) levels of training for certification of school resource officers as follows: School Resource Officer Training I (SRO I), School Resource Officer Training II (SRO II), and School Resource Officer Training III (SRO III). Each level shall consist of forty (40) hours of training, with SRO I to be completed within one (1) year of the date of the officer's employment and SRO II and SRO III within the subsequent two (2) years.

(9) Course curriculum for school resource officers shall include but not be limited to:

(a) Foundations of school-based law enforcement;

(b) Threat assessment and response;

(c) Youth drug use and abuse;

(d) Social media and cyber security;

(e) School resource officers as teachers and mentors;

(f) Youth mental health awareness;

(g) Diversity and bias awareness training;

(h) Trauma-informed action;

(i) Understanding students with special needs; and

(j) De-escalation strategies.

(10) All school resource officers with active school resource officer certification status shall successfully complete forty (40) hours of annual in-service training that has been certified or recognized by the Kentucky Law Enforcement Council for school resource officers.

(11) In the event of extenuating circumstances beyond the control of an officer that prevent the officer from completing the in-service training within one (1) year, the commissioner of the Department of Criminal Justice Training or a designee may grant the officer an extension of time, not to exceed one hundred eighty (180) days, in which to complete the training.

(12) Any school resource officer who fails to successfully complete training requirements within the specified time periods, including any approved time extensions, shall lose his or her school resource officer certification and shall no longer serve in the capacity of a school resource officer in a school.

(13) When a school resource officer is deficient in required training, the commissioner of the Department of Criminal Justice Training or his or her designee shall notify the council, which shall notify the officer and the officer's employing agency.

(14) A school resource officer who has lost school resource officer certification due solely to the officer's failure to meet the training requirements of this section may regain certification status as a school resource officer and may resume service in the capacity of a school resource officer in a school setting upon successful completion of the training deficiency.

(15) No later than November 1 of each year, the local school district superintendent shall report to the Center for School Safety the number and placement of school resource officers in the district. The report shall include the source of funding and method of employment for each position.

(16) Nothing in this section shall be interpreted or construed to require a local government or any of its agencies or offices to fund the school resource officer positions required of local boards of education under this section. For purposes of this subsection, "local government" has the same meaning as in KRS 65.8840.

(17) Nothing in this section shall prevent a private or parochial school from entering into a memorandum of understanding with a local law enforcement agency or the Department of Kentucky State Police to provide school resource officers employed by the local law enforcement agency or the Department of Kentucky State Police.

➔Section 8. The following KRS sections are repealed:

157.061 Annual audits of school districts.

158.856 Annual assessment and evaluation of school nutrition in district -- Special board meeting and public forum to discuss nutrition and physical activity in the schools -- School district to prepare and submit findings and recommendations to Board of Education.

Signed by Governor March 25, 2025.

CHAPTER 87

(SB 69)

AN ACT relating to allied animal health professional licenses.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 321.181 is amended to read as follows:

As used in this chapter:

(1) "Allied animal health professional" or "AAHP" means a professional who has completed an approved allied animal health professional program as defined ***in an*** ~~[by]~~ administrative ***regulation promulgated by the board in accordance with KRS Chapter 13A*** ~~[regulation]~~ and who offers specialized, limited services as defined ***in this chapter or*** by ***an*** administrative regulation to an animal patient in ***an area of practice as identified in Section 2 of this Act*** ~~[animal chiropractic]~~;

(2) (a) "Allied animal health professional facility" or "AAHP facility" means any building, fixed facility, place, premises, mobile facility, mobile unit, or location from which the practice of allied animal health

professionals on animals is conducted or performed, including but not limited to a mobile clinic or facility, outpatient clinic, emergency facility, specialty facility, referral facility, human facility, or center.

(b) An AAHP facility includes all fixed buildings used in AAHP practice at a single physical premises location.

(c) An AAHP facility does not include:

1. The premises of a client unless a fixed allied animal health professional facility is located on the premises;

2. A research facility;

3. A federal military base;

4. Locations for temporary animal exhibition;

5. State or federal regulatory facilities; or

6. An approved allied animal health professional program location;

(3) "Allied animal health professional manager" or "AAHP manager" means at least one (1) board-***licensed***~~[permitted]~~ AAHP who registers to assume responsibility for the registration, management, and operation of a registered allied animal health professional facility;

(4) "Allied animal health professional ***license***~~[permit]~~" or "AAHP ***license***~~[permit]~~" means a credential issued to an allied animal health professional who is ***licensed***~~[permitted]~~ by the board to practice on animals in the Commonwealth and to conduct specialized services for an animal patient limited to the scope of work as defined ***in this chapter or by the board*** in administrative regulation~~[by the board]~~;

(5) "Animal" means any member of the animal kingdom other than a human, whether living or dead;

(6) "Animal chiropractic" means the science of diagnosing and adjusting or manipulating the subluxations of the articulations of an animal's spine and its adjacent tissues and by applying methods of treatment designed to augment those adjustments or manipulations;

(7) ***"Animal control agency" means an animal shelter fulfilling the duties required pursuant to KRS Chapter 258 that is owned, contracted with, or in service on behalf of a county or municipality;***

(8) "Animal shelter" means a public agency or private humane society, society for the prevention of cruelty to animals, animal protection shelter or control agency, or other facility that provides shelter and care for homeless, stray, unwanted, or injured ***domestic*** animals;

(9)~~[(8)]~~ "Applicant" means a person who submits an application for licensure, certification, ***license***~~[permit]~~, or registration, whether complete or not, to the board;

(10)~~[(9)]~~ "Approved allied animal health professional program" means a school or educational program offering specialized training to provide limited services to an animal patient that has been approved by the board ***in an administrative regulation*** as meeting its administrative standards;

(11)~~[(10)]~~ "Approved foreign equivalency program" means a school or educational program that has been approved by the board as meeting its administrative standards, which offers additional training and testing for persons who graduated from a non-board-approved veterinary medical program or non-board-approved veterinary technology program;

(12)~~[(11)]~~ "Approved program of continuing education" means an educational program approved by the board or offered by an approved provider of continuing education;

(13)~~[(12)]~~ "Approved provider of continuing education" means any person that has met the requirements of the board to provide educational courses that are designed to ensure continued competence in the practice of veterinary medicine, veterinary technology, animal euthanasia, or other area of practice governed by the board;

(14)~~[(13)]~~ "Approved veterinary medical program" means a school of veterinary medicine or a veterinary medical education program that has been approved by the board as meeting its administrative standards;

(15)~~[(14)]~~ "Approved veterinary technology program" means a school of veterinary technology or a veterinary technology education program that has been approved by the board as meeting its administrative standards;

(16) ~~[(15)]~~ "Background check" means an inquiry within a system for the collection, processing, preservation, or dissemination of criminal history records maintained by one (1) or more local, state, or federal agencies;

(17) ~~[(16)]~~ "Board" means the Kentucky Board of Veterinary Examiners;

(18) ~~[(17)]~~ "Certificate holder" means a person certified by the board;

(19) ~~[(18)]~~ "Certified animal control agency" means an animal shelter that is certified by the board;

(20) ~~[(19)]~~ "Certified animal euthanasia specialist" means a person employed by a certified animal control agency who is authorized by the board to humanely euthanize animals by administering drugs designated by the board for euthanasia and sedation including animals owned by the certified animal control agency or animals in emergency care circumstances;

(21) ~~[(20)]~~ "Chemical restraint" means the use of any controlled substance, veterinary drug, prescription, veterinary prescription drug, or legend drug that ***assists in the restraint of*** ~~[restrains]~~ or ***sedates*** ~~[tranquilizes]~~ the animal;

(22) ~~[(21)]~~ "Client" means the owner, owner's agent, or other person presenting the patient for care, who has entered into an agreement with a veterinarian or allied animal health professional on behalf of a patient for the purposes of obtaining veterinary medical services or allied animal health professional services in person or by any means of communication or telehealth;

(23) ~~[(22)]~~ "Compensation" includes any gift, bonus, fee, money, credit, or other thing of value;

(24) ~~[(23)]~~ "Complementary and alternative veterinary medicine therapies" means a heterogeneous group of preventive, diagnostic, and therapeutic philosophies and practices that are not considered part of conventional veterinary medicine. These therapies include but are not limited to:

(a) Veterinary acupuncture, acutherapy, and acupressure;

(b) Veterinary homeopathy;

(c) Veterinary manual or manipulative therapy, such as therapies based on techniques practiced in osteopathy, chiropractic, or physical medicine and therapy;

(d) Veterinary nutraceutical therapy; and

(e) Veterinary phytotherapy;

(25) ~~[(24)]~~ "Consultation" means a veterinarian's receipt of advice, assistance in person, or by any method of communication from a veterinarian or other person whose expertise, in the opinion of the veterinarian, would benefit a patient while the responsibility for the welfare of the patient remains with the veterinarian receiving consultation;

(26) ~~[(25)]~~ "Continuing education" means training that is designed to ensure continued competence in the practice of veterinary medicine, veterinary technology, or for certified animal euthanasia specialists, ***licensed*** ~~[permitted]~~ allied animal health professionals, or any board credential holder;

(27) ~~[(26)]~~ "Continuing education contact hour" means a fifty (50) minute clock hour of instruction, not including breaks or meals;

(28) ~~[(27)]~~ "Conviction" means a formal declaration that someone is guilty of a crime by a court of competent jurisdiction and shall include a finding or verdict of guilt, an admission of guilt, a no contest plea, a plea of nolo contendere, or a guilty plea;

(29) ~~[(28)]~~ "Credential" means:

(a) Any license, certificate, permit, registration, or other credential issued or approved by the board; or

(b) The authorization to serve as the veterinarian manager or registered responsible party designated on a veterinary facility registration, as the AAHP manager or registered responsible party designated on an AAHP facility registration, or as the designated on-site manager designated for a certified animal control agency;

(30) ~~[(29)]~~ "Credential holder" means a person who holds an approved credential issued by the board, which may be one (1) or more of the following:

(a) Certificate;

(b) License;

(c)~~[Permit;~~

~~(d)]~~ Registration; or

(d)~~[(e)]~~ Special permit;

(31)~~[(30)]~~ "Designated on-site manager" means a person who registers with the board to assume responsibility for the ordering, management, use, and disposal of controlled substances at a certified animal control agency;

(32)~~[(31)]~~ "Discipline" means any final order, settlement agreement, reprimand, fine, or other adverse consequence assessed against a person by the board or any of its counterparts in other jurisdictions;

(33)~~[(32)]~~ "Embryo transfer" means to remove an embryo from any animal for the purpose of transplanting the embryo into another animal, cryopreserving the embryo, or implanting the embryo into any animal, including food and companion animals;

(34)~~[(33)]~~ "Emergency care" means immediate treatment that is necessary to sustain life or end suffering of an animal that is in a life-threatening condition;

(35) "Equine dentistry" means any diagnosis, treatment, or surgical procedure performed on the head or oral cavity of an equine animal, including:

(a) Any procedure that invades the tissues of the oral cavity, including a procedure to:

1. Remove sharp enamel projections;

2. Treat malocclusions of the teeth;

3. Reshape teeth; or

4. Extract one (1) or more teeth;

(b) The treatment or extraction of damaged or diseased teeth;

(c) The treatment of diseased teeth through restoration and endodontic procedures;

(d) Periodontal treatments, including the:

1. Removal of calculus, soft deposits, plaque, and stains above the gum line; and

2. Smoothing, filing, and polishing of tooth surfaces; and

(e) Dental radiography;

(36)~~[(34)]~~ "Examination" means a qualifying examination approved by the board as a condition for certification, licensure, permit, or registration;

(37)~~[(35)]~~ "Expired" is a licensure status whereby the credential holder failed to renew the credential in a timely manner in accordance with the deadline set by the board;

(38)~~[(36)]~~ "Extralabel use" means actual use or intended use of a drug in an animal in a manner that is not in accordance with the approved labeling and includes but is not limited to:

(a) Use in species or production class not listed in the labeling;

(b) Use for indications such as disease or other conditions not listed in the labeling;

(c) Use at dosage levels, frequencies, or routes of administration other than those stated in the labeling; and

(d) Deviation from the labeled withdrawal time based on these different uses;

(39)~~[(37)]~~ "Felony" means a criminal act as defined by any jurisdiction or by definition under federal law;

(40)~~[(38)]~~ "Fixed facility" means a permanent location that is generally not moveable;

(41)~~[(39)]~~ "Grievance" or "complaint" means any allegation of misconduct that may constitute a violation of this chapter or any administrative regulation promulgated under the authority of this chapter;

(42)~~[(40)]~~ "Impaired" means that a credential holder, designated on-site manager, veterinarian manager, AAHP manager, or registered responsible party may reasonably be unable to perform that person's duties with competence, skill, and safety because of a physical or mental disability or incapacity, including deterioration of mental capacity, loss of motor skills, or substance use or disorder of sufficient degree which may reasonably diminish the person's ability to deliver competent patient care;

(43) ~~[(41)]~~ "In-person" means physically in the same physical space;

(44) ~~[(42)]~~ "Informed consent" or "consent" means the veterinarian or allied animal health professional ***licensee*** ~~[permittee]~~ has informed the client or the client's authorized representative in a manner understood by the client or the client's authorized representative of the diagnostic and treatment options, potential outcomes, risk assessment, prognosis, and options and the client has consented to or knowingly declined the recommended services or treatment;

(45) ~~[(43)]~~ "Jurisdiction" means:

(a) Any Commonwealth, state, or territory of the United States of America, including the District of Columbia;

(b) Any province of Canada; or

(c) A regulatory organization, including an international body;

that issues licenses, registrations, permits, or certificates related to the professional fields of veterinary medicine;

(46) ~~[(44)]~~ "Licensee" means a person licensed by the board under this chapter;

(47) ~~[(45)]~~ "Livestock" means bovines, equines, sheep, goats, swine, poultry, captured or cultivated aquatic species, farm-raised cervidae and camelidae, bees, and any other species used in the production of fiber, meat, eggs, honey, milk, and other animal food products;

(48) ~~[(46)]~~ "Mobile facility" or "mobile unit" means a motor vehicle that is utilized pursuant to KRS 321.205;

(49) ~~[(47)]~~ "Patient" means any animal or group of animals receiving care from a veterinarian, veterinary technician, veterinary assistant, animal euthanasia specialist, ~~[or]~~ allied animal health professional***, veterinary student, veterinary technician student, or veterinary practice staff***;

(50) ~~[(48)]~~ "Permittee" means a person permitted by the board under this chapter;

(51) ~~[(49)]~~ "Person" means any individual, firm, partnership, association, joint venture, cooperative, corporation, governmental body, or any other group, legal entity, or combination acting in concert, and whether or not acting as a principal, trustee, fiduciary, receiver, or as any kind of legal or personal representative, or as the successor in interest, assignee, agent, factor, servant, employee, director, officer, or any other representative of the person;

(52) ~~[(50)]~~ "Practice of veterinary medicine" means any person who practices veterinary medicine when performing any one (1) or more of the following on an animal:

(a) Directly or indirectly diagnoses, prognoses, corrects, changes, relieves, prevents, supervises, recommends, or performs medical or surgical treatment, including complementary and alternative veterinary medicine therapies, obstetrics, dentistry, oral surgery, acupuncture, laser therapy, manipulation, and all other branches or specialties of veterinary medicine, for the diagnosis, prevention, cure, or relief of a wound, defect, deformity, fracture, bodily injury, disease, or dental, physical, behavioral, or mental condition;

(b) Prescribes, dispenses, or administers any drug, medicine, anesthetic, biologic, appliance, apparatus, application, treatment, or other therapeutic or diagnostic substance or technique for veterinary purposes, or performs euthanasia, in accordance with the applicable federal statutes and regulations governing controlled prescription drugs, legend drugs, and veterinary drugs;

(c) Performs any manual procedure for the diagnosis, treatment, or both of pregnancy, sterility, or infertility, including embryo transfer;

(d) Represents oneself, directly or indirectly, as engaging in the practice of veterinary medicine; or

(e) Uses any words, letters, or titles as to induce the belief that the individual using them is authorized to practice veterinary medicine under this chapter with such use being prima facie evidence of the intention to represent oneself as engaged in the practice of veterinary medicine;

(53) ~~[(51)]~~ "Practice of veterinary technology" means:

(a) The practices of veterinary technology when performing patient care, professional medical care, monitoring, treatment, or other services on an animal that require a technical understanding of

veterinary medicine on the basis of written or oral instruction of a veterinarian, or under supervision of a veterinarian; and

(b) 1. Representation of oneself, directly or indirectly, as a licensed veterinary technician or "LVT"; or

2. Use of any words, letters, or titles under circumstances that would induce the belief that the individual using them is authorized to practice as a veterinary technician under this chapter, with such use being prima facie evidence of the intention to represent oneself as engaged in practice as a veterinary technician;

(54) ~~[(52)]~~ "Premises" means any place where an animal is located when veterinary medicine is being practiced;

(55) ~~[(53)]~~ "Prescription" means an order for a drug or medicine, combination or mixture of drugs or medicines, or proprietary preparation that is signed, given, or authorized and intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in a patient;

(56) ~~[(54)]~~ "Registrant" means a person or premises registered with the board under this chapter;

(57) ~~[(55)]~~ "Registered allied animal health professional facility" or "registered AAHP facility" means an AAHP facility that is registered with the board;

(58) ~~[(56)]~~ "Registered facility" means any AAHP facility or any veterinary facility that is registered with the board;

(59) ~~[(57)]~~ "Registered responsible party" means at least one (1) person ***documented as the*** ~~[who]~~:

(a) ***Entity that*** ~~[Does not otherwise hold a credential with the board who]~~ is designated as the registered responsible party on a facility registration and is responsible for its operation and management in conjunction with the veterinarian manager or allied animal health professional manager; and

(b) ***Entity that*** is held accountable to the board as a credential holder for any violation of this chapter and its associated administrative regulations. At a minimum, the registered party shall include all persons, owners, and corporate owners of the registered veterinary facility or allied animal health professional facility;

(60) ~~[(58)]~~ "Registered veterinary facility" means a veterinary facility that is registered with the board;

(61) ~~[(59)]~~ "Supervision" pertains to any of the following:

(a) "Supervising veterinarian" means a veterinarian who assumes responsibility for the veterinary care given to a patient by an individual working under the veterinarian's direction and has examined the patient pursuant to currently acceptable standards of care;

(b) "Immediate supervision" means the supervising veterinarian is physically in the immediate area and within audible and visual range of the patient and the individual treating the patient;

(c) "Direct supervision" means the supervising veterinarian is readily available on the premises where the patient is being treated; and

(d) "Indirect supervision" means the supervising veterinarian need not be on the premises but has given either written or oral instructions for the treatment of the patient and is readily available for communication;

(62) ~~[(60)]~~ "Teleadvice" means the provision of any health information, opinion, guidance, or recommendation concerning prudent future actions that are not specific to a particular patient's health, illness, or injury;

(63) ~~[(61)]~~ "Teleconsulting" means telehealth in which a veterinarian, veterinary technician, AAHP, or other credential holder uses telehealth tools to communicate with a specialist or another professional to gain insights and advice on the care of a patient;

(64) ~~[(62)]~~ "Telehealth" means all uses of technology to remotely gather and deliver health information, advice, education, and care;

(65) ~~[(63)]~~ "Telemedicine" or "connected care" means the integration of digital technologies to enhance and support the VCPR and facilitate proactive and ongoing care through improved communication, diagnosis, and monitoring;

(66) ~~[(64)]~~ "Telemonitoring," "mHealth," or "mobile health," means remote monitoring of a patient who is not at the same location as the health care provider;

(67) ~~[(65)]~~ "Telesupervision" means the supervision of individuals using media such as audio or audio/video conference, text messaging, and e-mail;

(68) ~~[(66)]~~ "Teletriage" means the safe, appropriate, and timely assessment and management of an animal patient via electronic consultation with its owner, regardless of whether there is an immediate referral to a veterinarian and where a diagnosis is not rendered;

(69) ~~[(67)]~~ "Veterinarian" means an individual who is licensed to engage in the practice of veterinary medicine under this chapter;

(70) ~~[(68)]~~ "Veterinarian manager" means at least one (1) Kentucky-licensed veterinarian who registers to assume responsibility for the registration, management, and operation of a registered veterinary facility;

(71) ~~[(69)]~~ "Veterinarian-client-patient relationship" or "VCPR" has the same meaning as in KRS 321.185;

(72) ~~[(70)]~~ "Veterinary assistant" means a layperson ***without credentials*** ~~[or noncredential holder]~~ who is employed by a veterinarian in accordance with KRS 321.443;

(73) ~~[(71)]~~ (a) "Veterinary facility" means any building, fixed facility, place, premises, mobile facility, or mobile unit location from which the practice of veterinary medicine and practice of veterinary technology are conducted or performed, including but not limited to a mobile clinic or facility, outpatient clinic, veterinary hospital or clinic, emergency facility, specialty facility, referral facility or center, temporary health clinic, or spay/neuter location. A veterinary facility shall include all fixed buildings used for the practice of veterinary medicine at a single physical premises location.

(b) "Veterinary facility" does not include:

1. The premises of a veterinary client unless a fixed veterinary facility is located on the veterinary client's premises;
2. A research facility;
3. A federal military base;
4. Locations for temporary animal exhibition;
5. State or federal regulatory facilities;
6. Officially designated emergency and disaster response locations;
7. A facility with current accreditation by the Association of Zoos and Aquariums; or
8. An American Veterinary Medical Association-accredited college of veterinary medicine or veterinary technology;

(74) ~~[(72)]~~ "Veterinary specialist" means a veterinarian that has been awarded and maintains certification from an American Veterinary Medical Association-recognized veterinary specialty organization, program, or college, and is registered in this specialty with the board;

(75) ~~[(73)]~~ "Veterinary student" means:

(a) A person enrolled in an approved veterinary medical program while pursuing a degree in veterinary medicine; or

(b) A person in a post-Doctor of Veterinary Medicine temporary private internship, residency, or veterinary hospital-based program, not to exceed thirty (30) days in a calendar year;

(76) ~~[(74)]~~ "Veterinary technician" means a person who has completed an approved veterinary technology program, is licensed in accordance with this chapter, and meets the requirements in KRS 321.441;

(77) ~~[(75)]~~ "Veterinary wellness committee" means a committee appointed by the board that is composed of individuals who have expertise in the areas of alcohol abuse, chemical dependence, drug abuse, or physical or mental condition designated by the board to perform activities related to the veterinary wellness program; and

(78) ~~[(76)]~~ "Veterinary wellness program" means the board-sponsored program for the identification, intervention, and monitoring of credential holders or applicants who may be impaired as a result of alcohol abuse, chemical dependence, drug abuse, or any physical or mental condition.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 321 IS CREATED TO READ AS FOLLOWS:

(1) The board shall issue an allied animal health professional license to a person who is qualified to be licensed under this section. A person is qualified to be licensed as an AAHP if the person:

(a) Has completed an application for AAHP licensing approved by the board through the promulgation of an administrative regulation;

(b) Has paid the application fee and the appropriate examination fee;

(c) Is a person of good moral character. As an element of good moral character, the board shall require each applicant for licensure to submit a full set of the applicant's fingerprints for the purpose of obtaining criminal records checks, pursuant to KRS 321.189 and any other applicable law. All good moral character information, including the information obtained through the criminal background checks, shall be relevant to licensure eligibility determinations to the extent permitted by law;

(d) Has graduated and received a certification from an approved allied animal health professional program;

(e) Has achieved a passing score on any examinations required by the board in an administrative regulation;

(f) Has been approved for an AAHP license by the board; and

(g) Has complied with any other requirements of this chapter or the administrative regulations promulgated by the board.

(2) An AAHP licensee may work on animals in one (1) of the following areas of the practice of veterinary medicine so long as that practice is in accordance with and within the limitations established by the board in an administrative regulation promulgated in accordance with KRS Chapter 13A, including requirements for candidate qualifications, examinations, and applications:

(a) Animal chiropractic; or

(b) Equine dentistry.

(3) (a) An allied animal health professional seeking to work within the allowable scope of practice on animals shall be required to apply for an AAHP license from the board to practice on animals.

(b) If an applicant is approved for a license, the board shall designate the area of practice specific to the AAHP licensee on the license.

(c) A separate AAHP license shall be required for each scope of practice as listed in subsection (2) of this section.

(4) (a) The board may establish by administrative regulation procedures to license candidates for qualification in each distinct area of practice allowable under the AAHP license class by substituting experience for the education requirements in subsection (1)(d) of this section.

(b) As part of the application for an AAHP license, candidates who apply under this subsection shall:

1. Have been a Kentucky resident for at least twelve (12) months immediately preceding the date of application;

2. Provide a letter of recommendation from a minimum of two (2) Kentucky licensed veterinarians;

3. Provide proof of employment or an Internal Revenue Service form 1099 showing self-employment in an area of practice as identified in subsection (2) of this section for a minimum of ten (10) years prior to the date of application for animal chiropractic, and a minimum of five (5) years prior to the date of application for equine dentistry;

4. Provide details regarding the duration of experience and times during which practice occurred, including average number of hours of practice per year; and

5. Provide a letter of good standing from any other jurisdictions in which the applicant is credentialed.

(c) The candidate application window under this subsection shall not exceed eighteen (18) months from the effective date of the administrative regulation governing applications for the AAHP license area of the practice. After the application window closes, individuals applying for a new AAHP license

shall be required to meet the current standards of KRS Chapter 321 and administrative regulations promulgated by the board.

(5) AAHP licensees shall be required to register each premises or mobile unit from which he or she practices on animals as a registered AAHP facility in accordance with KRS 321.203, 321.205, and Section 10 of this Act.

(6) AAHP licensees and AAHP registered facilities shall:

(a) Maintain an active credential with the board to maintain authorization to operate;

(b) Pay the application, renewal, reinstatement, and other required fees as established by the board in an administrative regulation;

(c) Renew the board credential on a schedule as established by the board in administrative regulation;

(d) Comply with all applicable provisions of KRS Chapter 321 and any administrative regulations promulgated thereunder and other applicable state and federal laws; and

(e) Be subject to disciplinary measures for failure to comply.

(7) Controls shall be established by the board in an administrative regulation promulgated in accordance with Chapter 13A regarding acquisition, distribution, and administration of drugs by AAHP licensees and their clients for use by the AAHPs in the services offered.

(8) (a) 1. Only a board-licensed allied animal health professional who is also licensed as a chiropractor with the Kentucky Board of Chiropractic Examiners is qualified in the State of Kentucky to perform animal chiropractic within the limits established by the board in an administrative regulation may use the titles "animal chiropractor," "animal chiropractic practitioner," "ACP," or "AC."

2. A chiropractor shall not use the titles "veterinary chiropractor" or "veterinary adjuster" unless the chiropractor is also licensed to practice veterinary medicine in the State of Kentucky.

3. Nothing in this chapter shall prohibit a licensed veterinarian from using the titles "animal adjuster" or "animal spinal manipulation practitioner."

(b) 1. Only a duly licensed allied animal health professional who is a board-licensed equine dental provider and is qualified in the State of Kentucky to perform equine dentistry within the limits established in Section 4 of this Act may use the titles "equine dental provider," "equine dental practitioner," "certified equine dental provider," "CEPD," or "EDP."

2. An equine dental provider shall not use the titles "equine dentist," "veterinary dentistry," or "veterinary dentist" unless the equine dental provider is also licensed to practice veterinary medicine in the State of Kentucky.

3. Nothing in this chapter shall prohibit a licensed veterinarian from using the titles "animal dentist" or "equine dentist."

(9) An AAHP licensee shall be held to the same standard of care as a veterinarian when the provider practices on animals.

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 321 IS CREATED TO READ:

(1) Each AAHP licensee shall submit a completed renewal application to the board and pay a renewal fee for the renewal of the license.

(2) A sixty (60) day grace period shall be allowed after the renewal deadline during which individuals may renew their licenses upon submission of a completed renewal application and payment of the renewal fee plus a late renewal fee. All licenses not renewed by the grace period deadline shall expire based on the failure of the individual to renew in a timely manner. Upon expiration, the licensee is no longer eligible to practice as an allied animal health professional in the Commonwealth.

(3) After the sixty (60) day grace period, individuals with an expired license may have their licenses reinstated upon submission of a completed reinstatement application and payment of the renewal fee, the renewal late fee, and the reinstatement fee. A person who applies for reinstatement after expiration of the person's

AAHP license shall not be required to submit to an examination as a condition for reinstatement, if the reinstatement application is made within five (5) years from the date of expiration.

(4) A suspended AAHP license is subject to expiration and termination and shall be renewed as provided in this chapter. Renewal or reinstatement shall not entitle the licensee to engage in practice as an allied animal health professional until the suspension has ended or is otherwise resolved by the board and the right to practice is restored by the board.

(5) A revoked license is subject to expiration or termination but may not be renewed. If a revoked license is reinstated, the licensee shall pay a reinstatement fee.

(6) A person who fails to reinstate his or her AAHP license within five (5) years after its expiration or termination shall not have it renewed, restored, reissued, or reinstated and the person may apply for and obtain a new license by meeting the requirements of this chapter.

(7) The board may require that a person applying for renewal or reinstatement of a license provide evidence of completion of continuing education as promulgated by the board in an administrative regulation.

(8) The board may grant retired or inactive license status and may establish conditions under which retired or inactive licenses may be renewed and reinstated as set forth by the board in an administrative regulation.

(9) Fees set by the board shall be designed to fully cover the cost to operate the licensee program but shall not exceed it.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 321 IS CREATED TO READ AS FOLLOWS:

(1) The services provided by allied animal health professional licensees are considered the practice of veterinary medicine that an AAHP licensee may provide to the public through authorization by the General Assembly and within strict limitations on the scope of practice for each allowable license type as established in subsection (2) of Section 2 of this Act.

(2) For a licensed AAHP-equine dental provider, the scope of practice is limited to the following:

(a) A licensed AAHP-equine dental provider may not perform equine dentistry unless the provider holds an AAHP license as an equine dental provider from the board;

(b) A licensed AAHP-equine dental provider shall work under the indirect supervision of a veterinarian;

(c) A licensed AAHP-equine dental provider may perform only the following equine dental procedures in equine species:

1. Removing sharp enamel dental points;

2. Removing small dental overgrowths;

3. Rostral profiling of the first cheek teeth;

4. Reducing incisors;

5. Extracting loose, deciduous teeth;

6. Removing supragingival calculus;

7. Extracting loose, mobile, or diseased teeth or dental fragments with minimal periodontal attachments by hand and without the use of an elevator; and

8. Removing erupted, nondisplaced wolf teeth;

(d) Paragraph (b) of this subsection shall not be construed to prohibit a licensed veterinary technician employed by a veterinarian who is not a licensed AAHP-equine dental provider from performing the equine dental procedures described in paragraph (c) of this subsection if the licensed veterinary technician is under the direct supervision of a veterinarian;

(e) A copy of the dental chart of an equine animal shall be left with the person who authorizes an equine dental procedure and be made available to the veterinarian holding the VCPR with the client within an appropriate timeframe according to the condition, but no more than three (3) business days after services are provided; and

(f) Dispensing or prescribing any medication or drug associated with any equine dental procedure remains solely the domain of the veterinarian holding a valid VCPR with the client.

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 321 IS CREATED TO READ AS FOLLOWS:

(1) The AAHP advisory committee is hereby created as an informal advisory committee to the board.

(2) The AAHP advisory committee shall advise and assist the board in adopting rules and administrative regulations relating to AAHP licensees.

(3) The board shall consult the advisory committee regarding matters relating to a disciplinary action that involves an AAHP license holder.

(4) (a) The AAHP advisory committee shall be composed of members appointed by the chair of the board with approval from a majority of a quorum of the board.

(b) The AAHP advisory committee shall include subcommittees specific to each area of practice for the distinct types of AAHP licenses as identified in subsection (2) of Section 2 of this Act.

(c) Each subcommittee shall be composed of the following:

1. Two (2) members who are AAHP licensees with a license in active status specializing in each of the specific areas of practice as identified in subsection (2) of Section 2 of this Act, have resided in and engaged in the AAHP practice in the Commonwealth for the five (5) years immediately preceding the date of appointment, and are of good moral character;

2. One (1) veterinarian member who holds an active veterinarian license in the Commonwealth in good standing and who engages with at least one (1) AAHP licensee providing services in each specific area of practice as identified in subsection (2) of Section 2 of this Act; and

3. The AAHP licensees and veterinarian appointees shall be unique individuals for each area of practice as identified in subsection (2) of Section 2 of this Act and shall not hold more than one seat on the AAHP advisory committee.

(d) Notwithstanding paragraph (c)1. of this subsection, advisory committee members appointed under paragraph (c)1. of this subsection shall not be required to hold an AAHP license issued under this chapter until the closure of the application window period for the AAHP license type as established in subsection (4) of Section 2 of this Act.

(e) Appointments to the advisory committee shall be made without regard to the race, color, disability, sex, gender identity, sexual orientation, religion, age, or national origin of the appointees.

(5) (a) Members of the AAHP advisory committee shall be appointed for staggered five-year terms.

(b) The terms of the members shall expire no more than five (5) years from the date of appointment.

(c) If a vacancy occurs during a member's term, the chair of the board shall appoint a new member to fill the unexpired term.

(d) An advisory committee member may not serve more than two (2) consecutive full terms.

(6) (a) It shall be a ground for removal from the AAHP advisory committee if a member:

1. Does not have at the time of appointment the qualifications required by subsection (4) of this section and by Section 2 of this Act;

2. Does not maintain during service on the advisory committee the qualifications required by Section 2 of this Act; and

3. Cannot discharge the member's duties for a substantial part of the member's term due to illness or disability.

(b) The validity of an action of the AAHP advisory committee is not affected by the fact that the action is taken when a ground for removal of an advisory committee member exists.

(7) (a) The chair of the board shall designate biennially an AAHP advisory committee member as the chair of the advisory committee to serve in that capacity at the will of the chair of the board.

(b) The AAHP advisory committee or subcommittees shall meet at least one (1) time per year, or upon request by the board chair or board executive director.

(c) A meeting of the AAHP advisory committee may be held by telephone, conference call, or video conferencing.

(d) 1. Minutes shall be recorded for each meeting of the AAHP advisory committee.

2. A copy of the minutes shall be provided to the full board.

(e) The AAHP advisory committee may submit written reports or recommendations to the board for review.

(8) An AAHP advisory committee member shall not be entitled to reimbursement for travel expenses or any other form of compensation from the board other than mileage reimbursement at the current state reimbursement rate as established by the Finance and Administration Cabinet when a meeting of the AAHP advisory committee or a subcommittee is held in person.

➔Section 6. KRS 321.187 is amended to read as follows:

(1) Each veterinarian or AAHP who provides medical services to animals shall maintain accurate electronic or legibly written medical records that include the identity of the credential holder or authorized representative who makes the entry.

(2) The information in the medical records are the property of the client, and the client has a right to a copy of those records. The practice where the records were prepared shall be the official records custodian. Original patient records shall be retained by the practice, ***the veterinary facility or AAHP facility where they were prepared, or the veterinarian or AAHP***~~[veterinarian, or AAHP]~~ who prepared them and be readily retrievable for a period of five (5) years following the last patient encounter.~~[Records shall not be stored by a third party without a record of signed, informed consent by the client.]~~ Records stored by a third party shall not relieve the veterinarian or AAHP from the responsibility of supplying records to the client upon request.

(3) (a) The veterinarian or AAHP may require that a request for medical records be in writing and may charge a reasonable fee for copying or the staff time in preparing the requested medical records, unless there is a board investigation, in which case no charges shall be authorized.

(b) Copies of the medical records shall be provided to the client, designated veterinarian, AAHP~~[permittee]~~, or authorized representative within seven (7) calendar days after receipt of a proper request or sooner in accordance with the patient's medical condition.

(c) Failure to provide the medical records in a timely fashion upon proper request shall be considered unprofessional conduct.

(4) All records required by law to be kept by a veterinarian or AAHP shall be open to inspection by the board or its authorized representatives, and a copy shall be provided immediately upon request.

(5) All records shall comply with the requirements set forth by the board in administrative regulations.

(6) An animal patient's medical record and medical condition is confidential and may not be furnished to or discussed with any person other than the client or other veterinarians, veterinary technicians, veterinary assistants, veterinary practice staff, ***veterinary students, AAHPs***~~[AAHP permittees]~~, or consultants involved in the care or treatment of the patient, except upon authorization of the client or under the following circumstances:

(a) Access to the records is specifically required by law, or as described in KRS 321.185 and 321.188;

(b) In response to a court order or subpoena with notice given to the client or the client's legal representative;

(c) For statistical and scientific research, if the information is abstracted in a way as to protect the identity of the patient and client;

(d) As part of an inspection or investigation conducted by the board or an agent of the board;

(e) To verify the rabies vaccination status of an animal ***to local law enforcement, or to state or local health departments***;

(f) In the course of a consultation; and

(g) As required by other state or federal law.

(7) A veterinarian or AAHP shall not intentionally create a false record, make a false statement, or alter or modify any medical record, document, or report concerning treatment of a patient. When correcting a medical record, the original content should be readable, and the alteration shall be clearly identified with the correction, reason for correction, date, and author's name.

➔Section 7. KRS 321.200 is amended to read as follows:

(1) No provision of this chapter shall be construed to prohibit any of the following:

(a) Any persons from gratuitously treating animals in cases of emergency care, provided they do not use the word "veterinarian," "veterinary," "veterinary technician," "veterinary nurse," or any title, words, abbreviation, or letters in a manner or under circumstances which may induce the belief that the person using them is qualified to engage in the practice of veterinary medicine or the practice of veterinary technology as described in KRS 321.181;

(b) 1. The owner of any animal or animals, the owner's full-time, or part-time, regular employees, or the owner's agent from caring for and treating animals maintained in their custody, including but not limited to euthanasia of livestock or administering drugs that are obtained and used in accordance with applicable state and federal statutes and regulations to, any animals belonging to the owner. With the exception of paragraph (c) of this subsection and other limiting statutes, treatment shall not include surgery.

2. Transfer of ownership, a temporary contract, or a temporary change in a person's employment status shall not be used for the purpose of circumventing this provision.

3. This provision shall not exempt an employee who would otherwise qualify for a board credential from the credentialing requirements of this chapter based on the employment status;

(c) Any person from castrating and dehorning food animals, as long as any drugs or medications are obtained and used in accordance with applicable state and federal statutes and regulations governing controlled substances, legend drugs, and veterinary drugs;

(d) Any veterinary student as defined in KRS 321.181 from working under the direct supervision of a veterinarian who is licensed under this chapter;

(e) Unlicensed graduate veterinarians in the United States Armed Services or employees of the United States Department of Agriculture, Animal and Plant Health Inspection Service, from engaging in the performance of their official duties;

(f) Other lawfully qualified veterinarians who reside in and are licensed in other jurisdictions from discussing or meeting, either in person or via telehealth, with licensed veterinarians of this Commonwealth in consultation about a patient so long as the Kentucky-licensed veterinarian has established and maintains a current VCPR with the patient;

(g) A trainer, sales agent, or herdsman from caring for animals, upon instruction from a Kentucky-licensed veterinarian, provided there is a current VCPR as defined in KRS 321.185;

(h) A university faculty member or unlicensed veterinarian employee from teaching veterinary science or related courses, providing services offered by the university's veterinary diagnostic laboratory, or from engaging in veterinary research through or on behalf of the university where the person is employed, including drug and drug testing research, provided that research is conducted in accordance with applicable state and federal statutes and regulations governing controlled substances, prescription drugs, veterinary drugs, and legend drugs. This provision shall not exempt the university faculty member or unlicensed veterinarian employee from the requirements of licensure if the person engages in the practice of veterinary medicine outside the authority of the university or the scope of employment with the university or engages in the private practice of veterinary medicine for compensation;

(i) Any person who holds a postgraduate degree in reproductive physiology or a related field, and who has performed embryo transfers in Kentucky during the five (5) years immediately preceding July 14, 1992, from performing embryo transfers on animals;

(j) Volunteer health practitioners providing services under KRS 39A.350 to 39A.366;

(k) A retailer or its agent from providing information and suggestions regarding the over-the-counter products it sells to treat animals so long as the information and suggestions are consistent with the product label and species appropriate;

(l) A Kentucky-licensed veterinarian from inspecting an animal, or an animal's radiographs or other medical records, on behalf of a potential buyer or potential seller, without regard to the existence of a VCPR;

(m) Any persons from implanting a microchip in an animal for the purposes of identification or the establishment of ownership;

(n) A veterinarian who is licensed in another jurisdiction of the United States or Canada, is in good standing in that jurisdiction, meets all criteria for licensure in Kentucky, and who has an active application on file with the board pending for less than ninety (90) days, from working as a veterinarian in Kentucky under the supervision of a Kentucky-licensed veterinarian while the board application for licensure is being processed, so long as the place of employment, start date, contact information where the applicant works, and a supervising veterinarian are disclosed in the application;

(o) Allied animal health ***professionals***~~[professional permittees]~~ who are working within the scope of the ***license***~~[permit]~~;

(p) Certified animal euthanasia specialists who are working within the scope of their certificate; or

(q) Volunteer health practitioners consulting with and assisting a licensed veterinarian at a facility accredited by the Association of Zoos and Aquariums from assisting in the care of and procedures on the zoo animals at the facility while under the supervision of the veterinarian.

(2) (a) An unlicensed veterinarian who does not qualify for licensure in Kentucky and who is a nonresident of the United States may be employed in this Commonwealth to engage in the practice of veterinary medicine for not more than thirty (30) days in a calendar year, provided the person:

1. Holds a valid, current license as a veterinarian in the person's home country;

2. Practices under the direct supervision of a veterinarian licensed in Kentucky;

3. Registers with the board prior to commencing practice in the Commonwealth; and

4. Agrees to practice and follow all the rules and administrative regulations of this chapter and be subject to discipline for violations of those rules and administrative regulations by the Kentucky Board of Veterinary Examiners.

(b) This subsection shall not apply to a nonresident of the United States who is otherwise eligible for a Kentucky license or other credential under this chapter.

(3) Nothing in this chapter shall interfere with the professional activities of any licensed pharmacist.

➔Section 8. KRS 321.207 is amended to read as follows:

(1) (a) The Kentucky Board of Veterinary Examiners, upon submission of a complete application and payment of a fee established by the board, shall issue to any animal ***control agency***~~[shelter]~~ that it determines to be qualified, an authorization to apply to the United States Drug Enforcement Administration (DEA) for a controlled substance registration for the purchase, possession, storage, and administration of the specific drugs approved by the board to euthanize or sedate animals for euthanasia for animals owned by the certified animal control agency, or in the case of emergency care related to injured, sick, or abandoned animals.

(b) A certified animal control agency that successfully obtains a DEA controlled substance registration shall comply with all state and federal laws related to the ordering, purchase, storage, tracking, management, and disposal of the drugs obtained under the controlled substance registration.

(c) A certified animal control agency shall comply with certification renewal requirements as set forth in KRS 321.208 or the certificate shall expire.

(2) A certified animal control agency shall comply with administrative regulations promulgated by the board which contain standards for proper storage and handling of the drugs the board has approved for this use, and any other provisions as may be necessary to ensure that the drugs are used safely and solely for the purpose set forth in this section.

(3) (a) A certified animal control agency shall submit to periodic inspections by the board or its authorized representatives to ensure compliance with DEA controlled substance registration and board requirements.

(b) An applicant for certification as a certified animal control agency shall submit to an inspection by the board or its authorized representatives prior to certification by the board to ensure adequate security for controlled substances storage.

(c) A previously certified animal control agency with an expired certificate shall submit to inspections by the board or its authorized representatives to ensure proper log updates, removal, and disposal of all drugs obtained under the DEA controlled substance registration.

(4) Upon submission of a complete application, payment of a fee established by the board, and successful completion of a board-approved animal euthanasia specialist training course by the applicant, the Kentucky Board of Veterinary Examiners shall issue to a person whom it determines to be qualified, a certificate for the person to function as a certified animal euthanasia specialist, subject to the following restrictions:

(a) A certified animal euthanasia specialist shall comply with certification renewal requirements as set forth in KRS 321.208 or the certificate shall expire;

(b) A certified animal euthanasia specialist shall maintain an employment relationship with a certified animal control agency to be qualified to practice animal euthanasia;

(c) A certified animal euthanasia specialist is authorized to perform euthanasia only on the premises of the certified animal control agency, except in case of emergency care;

(d) A certified animal euthanasia specialist shall euthanize only animals that are owned by the certified animal control agency or in cases of emergency care. Transfer of ownership or a temporary contract shall not be used for the purpose of circumventing this subsection;

(e) A certified animal euthanasia specialist shall not perform euthanasia at a private residence; and

(f) A certified animal euthanasia specialist shall not perform euthanasia for compensation, except for compensation from the certified animal euthanasia specialist's employment relationship with a certified animal control agency.

(5) Euthanasia of animals in a certified animal control agency shall only be performed by:

(a) A licensed veterinarian;

(b) A licensed veterinary technician functioning under the supervision of a licensed veterinarian; or

(c) A certified animal euthanasia specialist as provided for in subsection (4) of this section.

(6) A certified animal control agency that employs a certified animal euthanasia specialist may purchase, possess, and administer the specific drugs approved by the board in ***an*** administrative regulation for the euthanasia or sedation of animals for euthanasia. The specific drugs approved by the board shall be the only drugs used by certified animal euthanasia specialists for the euthanasia of animals or sedation of animals for euthanasia in a certified animal control agency.

(7) Certified animal control agencies and certified animal euthanasia specialists shall be required to renew their certificates at intervals, upon conditions, and upon the payment of fees established by the board through the promulgation of administrative regulations.

(8) (a) A veterinarian who is contracted or otherwise employed by an animal shelter shall not store drugs obtained under the veterinarian's DEA controlled substance registration in the same locked storage unit where the drugs obtained under another DEA controlled substance registration are stored.

(b) Separate and secure storage arrangements, drug logs, drug order forms, and secure, limited access shall be required for each separate DEA controlled substance registration.

(c) A veterinarian shall not store drugs ordered under the veterinarian's DEA controlled substance registration at an animal shelter unless the DEA controlled substance registration under which the drugs are ordered lists the animal shelter address as the registrant address.

➔Section 9. KRS 321.230 is amended to read as follows:

There hereby is created a board to be known as the Kentucky Board of Veterinary Examiners.

(1) The board shall consist of eleven (11) members:

(a) Ten (10) members shall be appointed by the Governor as follows:

1. Seven (7) members shall be citizens of the Commonwealth and shall be veterinarians, each lawfully engaged in the practice of veterinary medicine in this Commonwealth for at least two (2) years immediately preceding the date of the member's appointment;

2. One (1) member shall be a citizen of the Commonwealth and shall be a citizen at large who is not associated with or financially interested in the practices or businesses regulated;

3. One (1) member shall be a citizen of the Commonwealth and a licensed veterinary technician who has been employed in the veterinary field in the Commonwealth for at least two (2) years immediately preceding the date of the member's appointment; and

4. One (1) member shall be ***a licensed*** ~~[an]~~ allied animal health professional~~[permittee]~~ who has been working on animals in the Commonwealth for at least two (2) years immediately preceding the date of the member's appointment; and

(b) One (1) member shall be the Commissioner of Agriculture or designee.

(2) The Governor's appointments to the board shall maintain a composition that includes diverse representation from each of the following areas:

(a) Species of animals served, including food animals, equines, and small animals; and

(b) All regional areas of the Commonwealth, including eastern Kentucky, western Kentucky, central Kentucky, and northern Kentucky.

(3) All appointed members shall be appointed for a term of four (4) years and shall serve until the member is reappointed or a qualified successor is appointed. The terms shall be evenly staggered, so that no more than three (3) members are appointed to full terms in any given calendar year.

(4) Any vacancy in the appointed membership of the board shall be filled for the unexpired term by appointment by the Governor.

(5) Each member of the board shall receive one hundred dollars ($100) per day for each day or substantial part of a day of service actually given in carrying out the member's duties under this chapter, in addition to the member's necessary traveling, hotel, and contingent expenses incurred in attending the meetings of the board and in the performance of the member's duties.

(6) A board member may be removed by the Governor, or removed by a three-fourths (3/4) majority vote of the board upon one (1) or more of the following grounds:

(a) A poor attendance record, neglect of duty, or malfeasance in office;

(b) The refusal or inability for any reason of a board member to perform the duties as a member of the board in an efficient, responsible, and professional manner;

(c) The misuse of office by a member of the board to obtain financial or material gain or advantage personally or for another through the office;

(d) A final adjudication by a recognized body, including the courts, that the board member is in violation of the laws governing the practice of veterinary medicine, the practice of veterinary technology, or other board credentialed profession; or

(e) Other just and reasonable causes as determined solely by the board pursuant to applicable law. In these cases, removal of a member of the board shall be in accordance with KRS Chapters 13A and 13B and other applicable laws.

➔Section 10. KRS 321.236 is amended to read as follows:

(1) The board may promulgate administrative regulations in accordance with KRS Chapter 13A defining:

(a) Application, renewal, and reinstatement requirements and fees for veterinary facilities and AAHP facilities;

(b) Responsibilities and limitations for registered responsible parties, veterinarian managers, and AAHP managers. This shall include an administrative regulation governing interference or control by unlicensed persons in the practice of veterinary medicine or veterinary technology, or by persons who do not hold a board credential. Both registered responsible parties and veterinarian managers shall be responsible for a registered veterinary facility's operation and management, and both registered responsible parties and AAHP managers shall be responsible for a registered AAHP facility. Both parties associated with a registered facility shall be held accountable to the board as a credential holder for any violation of this chapter; and

(c) Minimum standards for veterinary facilities, mobile facilities, and AAHP facilities, including requirements for application, inspection, sanitation, and other factors.

(2) (a) All existing veterinary facilities and AAHP facilities, both fixed and mobile, shall be registered with the board not later than June 30, 2025.

(b) The board shall charge a minimum fee of two hundred dollars ($200) per initial registration.

(c) For initial registrations filed with the board by June 30, 2025, the initial registration fee shall be reduced by half to one hundred dollars ($100).

(d) After initial registration, the board shall not charge more for a facility registration renewal fee than the cost to run the registration program.

(3) (a) After June 30, 2025, all new facilities shall submit a completed application for registration to the board, including fees as promulgated by the board in administrative regulation.

(b) A new veterinary facility or AAHP facility shall not begin operation in the Commonwealth until the completed application and fee have been accepted by the board and notification in writing has been sent to the applicant.

(c) After the registration deadline in 2025, each new registered facility may be inspected by the board to verify that the facility is an operational veterinary facility or AAHP facility within the first one hundred twenty (120) days of operation.

(4) A mobile facility that is affiliated with a registered veterinary facility or AAHP facility shall be exempted from the requirement to register independently if a currently registered fixed facility identifies that unit as its affiliate. The board may charge additional registration fees to a registered veterinary facility or AAHP facility based upon the number of registered mobile units associated with a single facility registration through the promulgation of an administrative regulation in accordance with KRS Chapter 13A.

(5) Each application to register a veterinary facility or an AAHP facility shall meet the minimum requirements established by this chapter and the board in an administrative regulation promulgated in accordance with KRS Chapter 13A and identify the following persons responsible for its operation and management:

(a) The registered responsible party;

(b) The veterinarian manager, if a veterinary facility; or

(c) The AAHP manager, if an AAHP facility.

(6) (a) The veterinarian manager shall include at least one (1) Kentucky-licensed veterinarian with an active license in good standing with the board.

(b) The AAHP manager shall include at least one (1) Kentucky-***licensed***~~[permitted]~~ AAHP with an active ***license***~~[permit]~~ in good standing with the board.

(7) (a) The veterinarian manager and the registered responsible party are responsible for notifying the board of any change in the veterinarian manager's or registered responsible party's association with the veterinary facility.

(b) The AAHP manager and the registered responsible party are responsible for notifying the board of any change in the allied animal health professional's or registered responsible party's association with the AAHP facility.

(8) An application for registration renewal shall be completed and submitted to the board periodically after the initial registration deadline in 2025, in accordance with KRS 321.203 and as set forth in administrative regulations promulgated in accordance with KRS Chapter 13A.

(9) The board may conduct voluntary inspections in accordance with the following:

(a) Veterinary facilities and AAHP facilities shall be provided an option to conduct a self-inspection at the facility and may consult with the board or request a board inspection to ensure the facility is meeting minimum standards as established in administrative regulations promulgated in accordance with KRS Chapter 13A;

(b) The board may charge a fee for in-person consultations and inspections as established in ***an*** administrative regulation promulgated in accordance with KRS Chapter 13A;

(c) Voluntary consultations or inspections by the board shall not trigger a notice to comply or a notice of violation for deficiencies. Nothing in this paragraph shall be construed to limit the board from filing a grievance based upon a significant violation impacting public health, safety, and welfare, and animal health;

(d) Each registered facility that passes a voluntary, in-person inspection by the board shall receive a certificate of inspection from the board for display in the registered facility;

(e) Inspections of mobile units shall not extend into a registrant's private residence; and

(f) This subsection shall not prevent the board from conducting inspections at or implementing disciplinary action against a registered facility in response to a complaint, grievance, or upon a suspected violation of this chapter.

(10) The board may revoke, suspend, or take other disciplinary action deemed appropriate against the registrant, including ordering closure of the veterinary facility or AAHP facility, in accordance with KRS 321.351 and 321.353 on any of the following grounds:

(a) The board or its agents are denied access to conduct an inspection or investigation;

(b) The holder of a registration does not pay all prescribed fees or monetary penalties;

(c) There is no veterinarian manager or AAHP manager identified within the timeframes set by this chapter;

(d) Registered responsible parties are interfering with, exercising control over, or attempting to influence the professional judgment of a credential holder in any manner;

(e) Failure to comply with minimum standards defined in ***an*** administrative regulation ***promulgated*** by the board for the veterinary facility or AAHP facility; or

(f) Failure to comply with any provision of this chapter or administrative regulations promulgated under this chapter.

(11) The board may require any veterinarian manager applicant, AAHP manager applicant, or registered responsible party applicant to submit to a criminal background investigation conducted in accordance with KRS 321.189.

➔Section 11. Any valid permit held by an allied animal health professional under KRS Chapter 321 shall automatically become an allied animal health professional license on the effective date of this Act.

Signed by Governor March 25, 2025.

CHAPTER 88

(HB 422)

AN ACT relating to administrative regulations.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 13A.010 is amended to read as follows:

As used in this chapter, unless the context otherwise requires:

(1) "Administrative body" means each state board, bureau, cabinet, commission, department, authority, officer, or other entity, except the General Assembly and the Court of Justice, authorized by law to promulgate administrative regulations;

(2) "Administrative regulation" means each statement of general applicability promulgated by an administrative body that implements, interprets, or prescribes law or policy, or describes the organization, procedure, or practice requirements of any administrative body. The term includes an existing administrative regulation, a new administrative regulation, an emergency administrative regulation, an administrative regulation in contemplation of a statute, and the amendment or repeal of an existing administrative regulation, but does not include:

(a) Statements concerning only the internal management of an administrative body and not affecting private rights or procedures available to the public;

(b) Declaratory rulings;

(c) Intradepartmental memoranda not in conflict with KRS 13A.130;

(d) Statements relating to acquisition of property for highway purposes and statements relating to the construction or maintenance of highways; or

(e) Rules, regulations, and policies of the governing boards of institutions that make up the postsecondary education system defined in KRS 164.001 pertaining to students attending or applicants to the institutions, to faculty and staff of the respective institutions, or to the control and maintenance of land and buildings occupied by the respective institutions;

(3) "Adopted" means that an administrative regulation has become effective in accordance with the provisions of this chapter;

(4) "Authorizing signature" means the signature of the head of the administrative body authorized by statute to promulgate administrative regulations;

(5) "Commission" means the Legislative Research Commission;

(6) "Effective" means an administrative regulation that has completed the legislative committee review established by KRS 13A.290, 13A.330, and 13A.331;

(7) "Federal mandate" means any federal constitutional, legislative, or executive law or order that requires or permits any administrative body to engage in regulatory activities that impose compliance standards, reporting requirements, recordkeeping, or similar responsibilities upon entities in the Commonwealth;

(8) "Federal mandate comparison" means a written statement containing the information required by KRS 13A.245;

(9) "Filed" or "promulgated" means that an administrative regulation, or other document required to be filed by this chapter, has been submitted to the Commission in accordance with this chapter;

(10) "Last effective date" means the latter of:

(a) The most recent date an ordinary administrative regulation became effective, without including the date a technical amendment was made pursuant to KRS 13A.040(10), 13A.2255(2), or 13A.312; or

(b) The date a certification letter was filed with the regulations compiler for that administrative regulation pursuant to KRS 13A.3104(4), if the letter stated that the administrative regulation shall remain in effect without amendment;

(11) "Legislative committee" means an interim joint committee, a House or Senate standing committee, a statutory committee, or a subcommittee of the Legislative Research Commission;

(12) "Local government" means and includes a city, county, urban-county, charter county, consolidated local government, special district, or a quasi-governmental body authorized by the Kentucky Revised Statutes or a local ordinance;

(13) "Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars ($500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies;

(14) "Proposed administrative regulation" means an administrative regulation that:

(a) Has been filed by an administrative body; and

(b) Has not become effective or been withdrawn;

(15) "Regulatory impact analysis" means a written statement containing the provisions required by KRS 13A.240;

(16) ***"Signature" means the application of letters or numbers that signify the intent to sign, are uniquely linked to the signer, and are:***

(a) Produced by manual or handwritten means;

(b) An image of the manual or handwritten signature produced under paragraph (a) of this subsection; or

(c) Produced by using a digital signature scheme or electronic confirmation method that allows for verification of authenticity;

(17) "Small business" means a business entity, including its affiliates, that:

(a) Is independently owned and operated; and

(b) 1. Employs fewer than one hundred fifty (150) full-time employees or their equivalent; or

2. Has gross annual sales of less than six million dollars ($6,000,000);

(18) ~~[(17)]~~ "Statement of consideration" means the document required by KRS 13A.280 in which the administrative body summarizes the comments received, its responses to those comments, and the action taken, if any, as a result of those comments and responses;

(19) ~~[(18)]~~ "Subcommittee" means the Administrative Regulation Review Subcommittee of the Legislative Research Commission;

(20) ~~[(19)]~~ "Tiering" means the tailoring of regulatory requirements to fit the particular circumstances surrounding regulated entities; and

(21) ~~[(20)]~~ "Written comments" means comments submitted to the administrative body's contact person identified pursuant to KRS 13A.220(6)(d) via hand delivery, United States mail, ***email*** ~~[e-mail]~~, or facsimile and may include but is not limited to comments submitted internally from within the promulgating administrative body or from another administrative body.

➔Section 2. KRS 13A.040 is amended to read as follows:

The director of the Legislative Research Commission shall appoint an administrative regulations compiler who shall:

(1) Receive administrative regulations, and other documents required to be filed by the provisions of this chapter, tendered for filing;

(2) Stamp administrative regulations tendered for filing with the time and date of receipt;

(3) Provide administrative and support services to the subcommittee;

(4) Maintain a file of administrative regulations and other documents required to be filed by this chapter, for public inspection, with suitable indexes;

(5) Maintain a file of ineffective administrative regulations;

(6) Maintain a file of material incorporated by reference, including superseded or ineffective material incorporated by reference;

(7) Prepare the Kentucky Administrative Regulations Service;

(8) Upon request, certify copies of administrative regulations and other documents that have been filed with the regulations compiler;

(9) Correct errors that do not change the substance of an administrative regulation, including but not limited to typographical errors, errors in format, and grammatical errors;

(10) (a) Change the following items in an administrative regulation in response to a specific written request for a technical amendment submitted by the administrative body if the regulations compiler determines that the requested changes do not affect the ***scope or*** substance of the administrative regulation ***and the changes are provided in accordance with subsection (3) of Section 14 of this Act***:

1. The administrative body's identifying information, including address, phone number, fax number, ***website*** ~~[Web site]~~ address, and ***email*** ~~[e-mail]~~ address;

2. Typographical errors, errors in format, and grammatical errors;

3. Citations to statutes or other administrative regulations if a format change within that statute or administrative regulation has changed the numbering or lettering of parts; or

4. Other changes in accordance with KRS 13A.312; and

(b) Notify the administrative body within thirty (30) business days of receipt of a technical amendment letter the status of the request, including:

1. Any requested changes that are accepted as technical amendments; and

2. Any requested changes that are not accepted as technical amendments;

(11) Refuse to accept for filing administrative regulations, and other documents required to be filed by this chapter, that do not conform to the drafting, formatting, or filing requirements established by the provisions of KRS 13A.190(5) to (11), 13A.220, 13A.222(1), (2), and (3), 13A.230,~~[and]~~ 13A.280, ***and Sections 14 and 16 of this Act*** and notify the administrative body in writing of the reasons for refusing to accept an administrative regulation for filing;

(12) Maintain a list of all administrative regulation numbers and the corresponding last effective date, based on the information included in the history line of each administrative regulation; and

(13) Perform other duties required by the Commission or by a legislative committee.

➔Section 3. KRS 13A.190 is amended to read as follows:

(1) An emergency administrative regulation is an administrative regulation that:

(a) An administrative body can clearly demonstrate, through documentary evidence submitted with the filing of the emergency administrative regulation, must be placed into effect immediately in order to:

1. Meet an imminent threat to public health, safety, welfare, or the environment;

2. Prevent an imminent loss of federal or state funds;

3. Meet an imminent deadline for the promulgation of an administrative regulation that is established by state statute or federal law; or

4. Comply with an executive order issued under KRS Chapter 39A; and

(b) 1. Is temporary in nature and will expire as provided in this section; or

2. Is temporary in nature and will be replaced by an ordinary administrative regulation as provided in this section.

For the purposes of this section, "imminent" means within two hundred seventy (270) days of the filing of the emergency administrative regulation.

(2) An agency's finding of an emergency pursuant to this section shall not be based on the agency's failure to timely process and file administrative regulations through the ordinary administrative regulation process.

(3) An emergency administrative regulation:

(a) Shall become effective and shall be considered as adopted upon filing;

(b) Shall be published in the Administrative Register in accordance with the publication deadline established in KRS 13A.050(3);

(c) Shall be subject to the public comment provisions established in KRS 13A.270 and 13A.280;

(d) 1. May be reviewed at a subsequent meeting of a legislative committee after the filing of the emergency administrative regulation; and

2. May, by a vote of the majority of the legislative committee's membership as established by KRS 13A.020(4) and 13A.290(9), be found to be deficient, and the deficiency shall be reported to the Governor pursuant to KRS 13A.330(2); and

(e) May be amended:

1. By the promulgating administrative body after receiving public comments as established in KRS 13A.280. The amended after comments version shall:

a. Become effective upon filing; and

b. Not require a statement of emergency; or

2. At a legislative committee meeting as established in KRS 13A.320. The amendment shall be approved as established by KRS 13A.020(4) ***or***~~[and]~~ KRS 13A.290(9). The amended version shall become effective upon adjournment of the meeting following the procedures established in KRS ***13A.020(4) or*** 13A.331***(1) and (2)***.

(4) (a) Except as provided by paragraph (b) of this subsection, emergency administrative regulations shall expire two hundred seventy (270) days after the date of filing or when the same matter filed as an ordinary administrative regulation filed for review is adopted, whichever occurs first.

(b) If an administrative body extends the time for filing a statement of consideration for an ordinary administrative regulation as provided by KRS 13A.280(2)(b), an emergency administrative regulation shall remain in effect for two hundred seventy (270) days after the date of filing plus the number of days extended under the provisions of KRS 13A.280(2)(b) or when the same matter filed as an ordinary administrative regulation filed for review is adopted, whichever occurs first.

(c) Filing an emergency amended after comments administrative regulation shall not affect the expiration of an emergency regulation as established in paragraphs (a) and (b) of this subsection.

(5) Except as established in subsection (6) of this section, an emergency administrative regulation with the same number or title or governing the same subject matter shall not be filed for a period of two hundred seventy (270) days after it has been initially filed.

(6) If an emergency administrative regulation with the same number or title or governing the same subject matter as an emergency administrative regulation filed within the previous two hundred seventy (270) days is filed, it shall contain a detailed explanation of the manner in which it differs from the previously filed emergency administrative regulation. The detailed explanation shall be included in the statement of emergency required by subsection (7) of this section.

(7) Each emergency administrative regulation shall contain a statement of:

(a) The nature of the emergency;

(b) The reasons why an ordinary administrative regulation is not sufficient;

(c) Whether or not the emergency administrative regulation will be replaced by an ordinary administrative regulation;

(d) If the emergency administrative regulation will be replaced by an ordinary administrative regulation, the following statement: "The ordinary administrative regulation (is or is not) identical to this emergency administrative regulation.";

(e) If the emergency administrative regulation will not be replaced by an ordinary administrative regulation, the reasons therefor; and

(f) If applicable, the explanation required by subsection (6) of this section.

(8) (a) An administrative body shall attach the:

1. Statement of emergency required by subsection (7) of this section to the front of the original and each copy of a proposed emergency administrative regulation;

2. Public hearing and public comment period information required by KRS 13A.270(2), regulatory impact analysis, tiering statement, federal mandate comparison, fiscal note, summary of material incorporated by reference if applicable, and other forms or documents required by the provisions of this chapter to the back of the emergency administrative regulation; and

3. Documentary evidence submitted justifying the finding of an emergency in accordance with subsection (1) of this section to the back of the emergency regulation if it is:

a. No more than ***ten (10)***~~[four (4)]~~ pages in length; and

b. Typewritten on white paper, size eight and one-half (8-1/2) by eleven (11) inches, and single-sided.

Larger volumes of documentary evidence shall be filed in a separate binder~~[or]~~ on a CD-ROM or DVD disc***, or in a different electronic format approved by the regulations compiler***.

(b) An administrative body shall file with the regulations compiler:

1. The original and ***four (4)***~~[five (5)]~~ copies of the emergency administrative regulation; and

2. At the same time as, or prior to, filing the paper version, an electronic version of the emergency administrative regulation and the attachments required by paragraph (a) of this subsection saved

as a single document for each emergency administrative regulation in an electronic format approved by the regulations compiler.

(c) ***1.*** ***Each***~~[The]~~ original~~[and four (4) copies of each]~~ emergency administrative regulation shall be ***single-sided and*** stapled in the top left corner.

2. ***One (1) of the copies shall be single-sided and unstapled.***

3. ***The other three (3) copies shall be stapled in the top left corner and may be double-sided***~~[The fifth copy of each emergency administrative regulation shall not be stapled]~~.

4. The original and the ***four (4)***~~[five (5)]~~ copies of each emergency administrative regulation shall be grouped together.

(9) The statement of emergency shall have a two (2) inch top margin. The number of the emergency administrative regulation shall be typed directly below the heading "Statement of Emergency." The number of the emergency administrative regulation shall be the same number as the ordinary administrative regulation followed by an "E."

(10) Each executive department emergency administrative regulation shall be signed by the head of the administrative body and countersigned by the Governor prior to filing with the Commission. These signatures shall be on the statement of emergency attached to the front of the emergency administrative regulation.

(11) If an emergency administrative regulation will be replaced by an ordinary administrative regulation, the ordinary administrative regulation shall be filed at the same time as the emergency administrative regulation that it will replace.

(12) If an ordinary administrative regulation that was filed to replace an emergency administrative regulation***:***

(a) Is withdrawn:

1.~~[(a)]~~ The emergency administrative regulation shall expire on the date the ordinary administrative regulation is withdrawn; and

2.~~[(b)]~~ The administrative body shall inform the regulations compiler of the reasons for withdrawal in writing***; or***

(b) ***Expires, the emergency administrative regulation shall expire on the date the ordinary administrative regulation expires pursuant to subsection (1) of Section 15 of this Act***.

(13) (a) If an emergency administrative regulation that was intended to be replaced by an ordinary administrative regulation is withdrawn, the emergency administrative regulation shall expire on the date it is withdrawn.

(b) If an emergency administrative regulation has been withdrawn, the ordinary administrative regulation that was filed with it shall not expire unless the administrative body informs the regulations compiler that the ordinary administrative regulation is also withdrawn.

(c) If an emergency administrative regulation is withdrawn, the administrative body shall inform the regulations compiler of the reasons for withdrawal in writing.

(14) The administrative regulations compiler shall notify all legislative committees of the number, title, and subject matter of all emergency administrative regulations and shall forward any additional information filed about the emergency administrative regulation requested by a legislative committee.

➔Section 4. KRS 13A.220 is amended to read as follows:

All administrative regulations shall comply with the provisions of KRS 13A.222 and 13A.224.

(1) (a) An administrative body shall file with the regulations compiler:

1. The original and ***four (4)***~~[five (5)]~~ copies of an administrative regulation; and

2. At the same time as, or prior to, filing the paper version, an electronic version of the administrative regulation and required attachments saved as a single document for each administrative regulation in an electronic format approved by the regulations compiler.

(b) If there are differences between the paper copy and the electronic version of an administrative regulation filed with the regulations compiler, the electronic version shall be the controlling version.

(2) ***(a) Each original administrative regulation shall be single-sided and stapled in the top left corner.***

(b) One (1) of the copies shall be single-sided and unstapled.

(c) The other three (3) copies~~[The original and four (4) copies of each administrative regulation]~~ shall be stapled in the top left corner ***and may be double-sided***~~[. The fifth copy of each administrative regulation shall not be stapled]~~.

(d) The original and the ***four (4)***~~[five (5)]~~ copies of each administrative regulation shall be grouped together.

(3) An amendment to an administrative regulation shall not be made on a copy of the administrative regulation reproduced from the Kentucky Administrative Regulations Service or the Administrative Register. It shall be a typed original in the format specified in subsection (4) of this section.

(4) The format of an administrative regulation shall be as follows:

(a) An administrative regulation shall be typewritten on white paper, size eight and one-half (8-1/2) by eleven (11) inches and shall be double-spaced through the last line of the body of the administrative regulation. The first page shall have a two (2) inch top margin. The administrative regulation shall be typed in a twelve (12) point font approved by the regulations compiler. The lines on each page shall be numbered, with each page starting with line number one (1). Pages of an administrative regulation and documents attached to the administrative regulation shall be numbered sequentially. Page numbers shall be centered in the bottom margin of each page. Copies of the administrative regulation may be mechanically reproduced;

(b) The regulations compiler shall place a stamp indicating the date and time of receipt of the administrative regulation in the two (2) inch margin on the first page;

(c) The cabinet, department, and division of the administrative body shall be listed on separate double-spaced lines two (2) inches from the top in the upper left hand corner of the first page. This shall be followed on the next double-spaced line by "(New Administrative Regulation)," "(Amendment)," "(Amended After Comments)," "(Repealer)," "(New Emergency Administrative Regulation)," "(Emergency Amendment)," "(Emergency Amended After Comments)," or "(Emergency Repealer)," whichever is applicable;

(d) The notation shall be followed by the number and title of the administrative regulation on the next double-spaced line. The promulgating administrative body shall contact the regulations compiler prior to filing to obtain an administrative regulation number for a new administrative regulation;

(e) On the next double-spaced line following the number and title of an administrative regulation, after the words "RELATES TO:," the administrative body shall list all statutes and other enactments, including any branch budget bills or executive orders, to which the administrative regulation relates or which shall be affected by the administrative regulation. After the words "STATUTORY AUTHORITY:" the administrative body shall list the specific statutes and other enactments, where applicable, authorizing the promulgation of the administrative regulation. Federal statutes and regulations shall be cited in the "RELATES TO:" and "STATUTORY AUTHORITY:" sections as provided by KRS 13A.222(4)(n) and (o); and

(f) Following the citations provided for in paragraph (e) of this subsection, and following the words "NECESSITY, FUNCTION, AND CONFORMITY:" the administrative body shall include a brief statement setting forth the necessity for promulgating the administrative regulation, a summary of the functions intended to be implemented by the administrative regulation, and, if applicable, the statement required by KRS 13A.245(2)(b).

(5) The numbering within the body of an administrative regulation shall be the responsibility of the promulgating body, subject to the authority of the regulations compiler to divide or renumber an administrative regulation. The following format shall be used by the administrative body in the numbering of each administrative regulation. Each section shall begin with the word "Section" followed by an Arabic number, and titles of sections shall be initially capitalized. Subsections shall be designated by an Arabic number in parentheses. Paragraphs shall be designated by lower case letters of the alphabet in parentheses (e.g., (a), (b), (c), etc.). Subparagraphs shall be designated by an Arabic number followed by a period (e.g., 1., 2., etc.). Clauses shall be designated by lower case letters of the alphabet followed by a period (e.g., a., b., c., etc.). Subclauses shall be designated by lower case Roman numerals in parentheses (e.g., (i), (ii), (iii), etc.). A section shall not be

divided into subsections, paragraphs, subparagraphs, clauses, or subclauses if there is only one (1) item in that level of division.

(6) After the complete text of an administrative regulation, on the following page, the administrative body shall include the following information:

(a) If the provisions of KRS 13A.120(3) are applicable, a statement that the official or the head of the administrative body has reviewed or approved the administrative regulation; the signature of such official or head; and the date on which such review or approval occurred;

(b) The authorizing signature of the administrative body promulgating the administrative regulation, and the date on which the administrative body approved the promulgation;

(c) Information relating to public hearings and the public comment period required by KRS 13A.270; and

(d) The name, position, mailing address, telephone number, ***email***~~[e-mail]~~ address, and facsimile number of the contact person of the administrative body. The contact person shall be the person authorized by the head of an administrative body to:

1. Receive information relating to issues raised by the public or by a legislative committee prior to a public meeting of the legislative committee;

2. Negotiate changes in language with a legislative committee in order to resolve such issues; and

3. Answer questions relating to the administrative regulation.

(7) The format for signatures required by subsection (6)(a) and (b) of this section shall be as follows:

(a) The signature shall be placed on a signature line; and

(b) The name and title of the person signing shall be typed immediately beneath the signature line.

(8) ***Within five (5) working days of filing an administrative regulation,*** an administrative body shall prominently display on its ***website***~~[Web site]~~:

(a) A notice that an administrative regulation has been filed with the Commission;

(b) A summary of the administrative regulation including:

1. The number of the administrative regulation;

2. The title of the administrative regulation; and

3. ***A brief explanation of the administrative regulation if new or the***~~[Any]~~ changes made if it is an existing administrative regulation;

(c) Information on how to access the administrative regulation on the Commission's ***website***~~[Web site]~~; and

(d) The dates of the public comment period and the place, time, and date of the scheduled public hearing as well as the manner in which interested parties shall submit:

1. Notification of attending the public hearing; and

2. Written comments.

(9) (a) A letter of request, notification, or withdrawal required to be filed with the regulations compiler pursuant to this chapter may be filed electronically if the letter:

1. Is on the administrative body's official letterhead; and

2. Contains the signature of a representative of that administrative body.

(b) Paragraph (a) of this subsection shall not apply to the letters required by KRS 13A.320(2)(b) for amendments at a legislative committee meeting.

➔Section 5. KRS 13A.2251 is amended to read as follows:

(1) An administrative body shall incorporate material by reference in the last section of an administrative regulation. This section shall include:

(a) The title of the material incorporated by reference placed in quotation marks, followed by the edition date of the material;

(b) Information on how the material may be obtained; and

(c) A statement that the material is available for public inspection and copying, subject to copyright law, at the main, regional, or branch offices of the administrative body, and the address and office hours of each. Following the required statement, the administrative body shall include information that states the administrative body's ***website*** ~~[Web site]~~ address or telephone number or that provides contact information for other sources that may have the material available to the public.

(2) The section incorporating material by reference shall be titled "Incorporation by Reference".

(a) If only one (1) item is incorporated by reference, the first subsection of the section incorporating material by reference shall contain the following statement: "(name and edition date of material incorporated) is incorporated by reference."

(b) If more than one (1) item is incorporated by reference, the first subsection of the section incorporating material by reference shall contain the following statement: "The following material is incorporated by reference: (a) (name and edition date of first item incorporated); and (b) (name and edition date of second item incorporated)."

(c) The second subsection of the section incorporating material by reference shall include the following statement: "This material may be inspected, copied, or obtained, subject to applicable copyright law, at (name of administrative body, full address), Monday through Friday, (state the regular office hours)."

(3) A summary of the incorporated material ~~[, in detail sufficient to identify the subject matter to which it pertains,]~~ shall be attached to an administrative regulation that incorporates material by reference. This summary shall include:

(a) ***The name and edition date of each item incorporated by reference*** ~~[Relevant programs, statutes, funds, rights, duties, and procedures affected by the material and the manner in which they are affected]~~;

(b) ***An explanation of each item and its intended use*** ~~[A citation of the specific state or federal statutes or regulations authorizing or requiring the procedure or policy found in the material incorporated by reference]~~; and

(c) The total number of pages incorporated by reference.

(4) (a) ~~[1.]~~One (1) copy of the material incorporated by reference shall be filed with the regulations compiler when the administrative regulation is filed***, and:*** ~~[.]~~

1. ~~[2.]~~ For material incorporated by reference that was developed by the promulgating administrative body:

a. The material incorporated by reference shall be prominently displayed on the administrative body's ***website*** ~~[Web site]~~; and

b. The Uniform Resource Locator (URL) of the address where the material may be directly viewed on the agency's ***website*** ~~[Web site]~~ shall be included in the body of the administrative regulation***; or*** ~~[.]~~

2. ~~[3.]~~ For ***material*** ~~[materials]~~ incorporated by reference that ***is*** ~~[are]~~ subject to a valid copyright owned by a third party not controlled by the promulgating administrative body, the material shall be referenced by providing sufficient information to assist in locating the material from the third party***, including the ISBN if available***.

(b) Material incorporated by reference shall be placed in a binder, attached to the back of the administrative regulation, ~~[or]~~ filed on a CD-ROM or DVD***, or filed in a different electronic format approved by the regulations compiler***.

1. If the material is placed in a binder, the administrative body shall indicate, on the front binder cover and on the first page of the material incorporated by reference, the:

a. Number of the administrative regulation to which the material incorporated by reference pertains;

b. Date on which it is filed; and

c. Citation of each item that is included in the binder.

2. The material incorporated by reference may be attached to the back of the administrative regulation if it is:

   a. No more than ***ten (10)***~~[four (4)]~~ pages in length; and

   b. Typewritten on white paper, size eight and one-half (8 1/2) by eleven (11) inches, and single-sided.

3. The material incorporated by reference may be filed on a CD-ROM or DVD disc if the material is saved in Adobe Portable Document Format (PDF). The administrative body shall indicate on the disc and the disc's storage case the:

   a. Number of the administrative regulation to which the material incorporated by reference pertains;

   b. Date on which it is filed; and

   c. Citation of each item that is included on the disc.

(c) If the same material is incorporated by reference in more than one (1) administrative regulation, an administrative body may file one (1) copy of the material in a binder***,***~~[or]~~ on a CD-ROM or DVD disc***, or in a different electronic format approved by the regulations compiler***. The numbers of the administrative regulations in which the material is incorporated by reference shall be indicated with the other information as required by paragraph (b) of this subsection.

➔Section 6. KRS 13A.2255 is amended to read as follows:

(1) When an administrative body amends material that had been previously incorporated by reference, the amendment shall be accomplished by submission of:

(a) An amendment to the administrative regulation with a new edition date for the material incorporated by reference. The amendment shall be filed in accordance with:

1. KRS 13A.220 to initiate a change in an existing administrative regulation;

2. KRS 13A.280 to amend a proposed administrative regulation as a result of the hearing or written comments received; or

3. KRS 13A.320 to amend a proposed administrative regulation at a legislative committee meeting;

(b) ~~[1.]~~An entire new document in which the amendments have been made but are not reflected in the manner specified in KRS 13A.222(2)***, and:***~~[.]~~

1.~~[2.]~~ If the new document has been developed by the promulgating administrative body, the entire document shall be displayed prominently on the administrative body's ***website***~~[Web site]~~ and the Uniform Resource Locator (URL) of the address where the material may be directly viewed on the agency's ***website***~~[Web site]~~ shall be included in the body of the administrative regulation***; or***~~[.]~~

2.~~[3.]~~ If any materials incorporated by reference are subject to a valid copyright owned by a third party not controlled by the promulgating administrative body, the material shall be referenced by providing sufficient information to assist in locating the material from the third party***, including the ISBN if available***;

(c) A~~[detailed]~~ summary of the ***amended material***~~[changes and their effect]~~. This summary shall:

1. ***Include the name and edition date of each item incorporated by reference, an explanation of each item's changes and their effect, and the total number of pages incorporated by reference***~~[a. Describe changes that are being made in the material incorporated by reference, in sufficient detail that a person reading the summary will know the differences between the material previously incorporated by reference and the new material; or~~

~~b. List each change in the manner required by KRS 13A.320(2)(c) and (d)]~~; and

2. Be attached to the back of the administrative regulation or, if part of an amendment pursuant to KRS 13A.320, to the amendment submitted for the legislative committee meeting; and

(d) The page or pages of any document developed by the promulgating administrative body in which changes have been made, with the changes accomplished in the manner specified in KRS 13A.222(2).

Notwithstanding KRS 13A.040(6), the regulations compiler shall not be required to keep these marked copies once the administrative regulation has been adopted or withdrawn.

(2) (a) If the changes to the material incorporated by reference are technical in nature and authorized by KRS 13A.040(10) or 13A.312, the administrative body may submit to the regulations compiler a copy of the revised material incorporated by reference and a detailed letter explaining what changes are made and the reason for the changes.

(b) If the regulations compiler determines that the requested change does not affect the substance of the material incorporated by reference and that the change is authorized by KRS 13A.040(10) or 13A.312, the edition date stated in the administrative regulation shall be changed to match the edition date on the revised material and the history line of that administrative regulation shall note that a technical amendment was made.

(c) If the requested change affects the substance of the material incorporated by reference or is not authorized by KRS 13A.040(10) or 13A.312, the administrative body shall comply with subsection (1) of this section.

➔Section 7. KRS 13A.240 is amended to read as follows:

(1) Every administrative body shall prepare and submit to the Legislative Research Commission an original and ***four (4)***~~[five (5)]~~ duplicate copies of a regulatory impact analysis for every administrative regulation when it is filed with the Commission. The regulatory impact analysis shall include the following information:

(a) The number of the administrative regulation;

(b) The name, ***email***~~[e-mail]~~ address, and telephone number of the contact person of the administrative body identified pursuant to KRS 13A.220(6)(d), and, if applicable, the name, ***email***~~[e-mail]~~ address, and telephone number of an alternate person to be contacted with specific questions about the regulatory impact analysis;

(c) A brief narrative summary of:

1. What the administrative regulation does;

2. The necessity of the administrative regulation;

3. How the administrative regulation conforms to the content of the authorizing statutes; and

4. How the administrative regulation currently assists or will assist in the effective administration of the statutes;

(d) If this is an amendment to an existing administrative regulation, a brief narrative summary of:

1. How the amendment will change the existing administrative regulation;

2. The necessity of the amendment to the administrative regulation;

3. How the amendment conforms to the content of the authorizing statutes; and

4. How the amendment to the administrative regulation will assist in the effective administration of the statutes;

(e) ***At least three (3) subject index headings reflecting the content of the administrative regulation selected from a list provided by the regulations compiler;***

(f) The type and number of individuals, businesses, organizations, or state and local governments affected by the administrative regulation;

(g)~~[(f)]~~ An analysis of how the entities referenced in paragraph ***(f)***~~[(e)]~~ of this subsection will be impacted by either the implementation of this administrative regulation, if new, or by the change if it is an amendment to an existing administrative regulation. The analysis shall include but not be limited to:

1. A detailed explanation of the actions the entities referenced in paragraph ***(f)***~~[(e)]~~ of this subsection will be required to undertake in order to comply with the proposed administrative regulation;

2. An estimate of the costs imposed on entities referenced in paragraph ***(f)***~~[(e)]~~ of this subsection in order to comply with the proposed administrative regulation; and

3. The benefits that may accrue to the entities referenced in paragraph ***(f)***~~[(e)]~~ of this subsection as a result of compliance;

(h)~~[(g)]~~ An estimate of how much it will cost the administrative body to implement this administrative regulation, both initially and on a continuing basis;

(i) Whether the administrative regulation or amendment implements legislation from the previous five (5) years, and if so:

1. The bill number and year; or

2. The Kentucky Acts chapter and year;

(j)~~[(h)]~~ The source of the funding to be used for the implementation and enforcement of the administrative regulation ***or amendment***;

(k)~~[(i)]~~ An assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation or amendment to an existing administrative regulation;

(l)~~[(j)]~~ A statement as to whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees; and

(m)~~[(k)]~~ The tiering statement required by KRS 13A.210.

(2) The Legislative Research Commission shall review all regulatory impact analyses submitted by all administrative bodies, and may require any administrative body to submit background data upon which the information required by subsection (1) of this section is based, and an explanation of how the data was gathered.

➔Section 8. KRS 13A.250 is amended to read as follows:

(1) An administrative body that promulgates an administrative regulation shall consider the cost that the administrative regulation may cause state or local government and regulated entities to incur.

(2) (a) A two (2) part cost analysis shall be completed for each administrative regulation.

(b) The first part of the cost analysis shall include the projected cost or cost savings to the Commonwealth of Kentucky and each of its affected agencies, and the projected cost or cost savings to affected local governments, including cities, counties, fire departments, and school districts.

(c) The second part of the cost analysis shall include the projected cost or cost savings to the regulated entities affected by the administrative regulation.

(d) Agencies or entities affected by the administrative regulation may submit comments in accordance with KRS 13A.270(1) to the promulgating administrative body or to a legislative committee reviewing the administrative regulation.

(3) Each administrative body that promulgates an administrative regulation shall prepare and submit with the administrative regulation a fiscal note. The fiscal note shall state:

(a) The number of the administrative regulation;

(b) The name, ***email***~~[e-mail]~~ address, and telephone number of the contact person of the administrative body identified pursuant to KRS 13A.220(6)(d), and, if applicable, the name, ***email***~~[e-mail]~~ address, and telephone number of an alternate person to be contacted with specific questions about the fiscal note;

(c) Each unit, part, or division of state or local government the administrative regulation will affect;

(d) In detail, the aspect or service of state or local government to which the administrative regulation relates, including identification of the applicable state or federal statute or regulation that mandates the aspect or service or authorizes the action taken by the administrative regulation;

(e) The estimated effect of the administrative regulation on the expenditures and revenues of a state or local government agency or regulated entity for the first full year ***and for subsequent years*** the administrative regulation will be in effect. The administrative body shall provide a narrative to explain the fiscal impact of the administrative regulation and the methodology and resources it used to determine the fiscal impact; and

(f) ***1.*** The conclusion of the promulgating administrative body as to whether the administrative regulation will have a major economic impact ***on***~~[, as defined in KRS 13A.010, to]~~ state and local government and regulated entities ***for the first full year the administrative regulation will be in effect and for subsequent years if different;***~~[,]~~ and

2. An explanation of the methodology and resources used by the administrative body to reach this conclusion.

(4) ***If an administrative body files an amendment to an administrative regulation pursuant to subsection (3) of Section 16 of this Act for a legislative committee meeting, the administrative body shall:***

(a) Consider the cost of the amendment as established in subsection (2) of this section; and

(b) Prepare and submit a fiscal note as established in subsection (3) of this section.

(5) Any administrative body may request the advice and assistance of the Commission in the preparation of the fiscal note.

➔Section 9. KRS 13A.255 is amended to read as follows:

(1) ***(a)*** Within five (5) working days of~~[the]~~ filing~~[of]~~ an ***emergency or*** ordinary administrative regulation that ***would***~~[proposes to]~~ establish or increase fees, except those fees exempted by KRS 13A.100(3), an administrative body shall mail or ***email***~~[e-mail]~~ a notice containing the information required by subsection (2) of this section, to each state association, organization, or other body representing a person or entity affected by the administrative regulation.

(b) If an emergency administrative regulation is filed with an identical ordinary administrative regulation, the administrative body may include both administrative regulations in the same notice.

(2) The notice shall include the following information:

(a) The name of the administrative body that filed the~~[proposed]~~ administrative regulation;

(b) A statement that the administrative body has promulgated an administrative regulation that establishes or increases fees;

(c) A summary of the administrative regulation that includes:

1. The amount of each fee being established;

2. The amount of any increases to any fees previously established; and

3. The necessity for the establishment or increase in the fees;

(d) A statement that a person or entity may contact the administrative body for additional information;

(e) The time, date, and place of the scheduled public hearing;

(f) The deadline for submitting written comments as established in KRS 13A.270(1)(c); and

(g) The name, mailing address, ***email***~~[e-mail]~~ address, and telephone number of the contact person for the administrative body identified pursuant to KRS 13A.220(6)(d).

➔Section 10. KRS 13A.270 is amended to read as follows:

(1) (a) In addition to the public comment period required by paragraph (c) of this subsection, following publication in the Administrative Register of the text of an administrative regulation, the administrative body shall, unless authorized to cancel the hearing pursuant to subsection (7) of this section, hold a hearing, open to the public, on the administrative regulation.

(b) The public hearing for an:

1. Ordinary administrative regulation shall not be held before the twenty-first day or after the last workday of the month following the month in which the administrative regulation is published in the Administrative Register; or

2. Emergency administrative regulation shall not be held before the twenty-first day or after the last workday of the month in which the administrative regulation is published in the Administrative Register.

Nothing in this paragraph shall preclude the administrative body from holding additional public hearings in addition to the hearing mandated in subparagraph 1. or 2. of this paragraph.

(c) The administrative body shall accept written comments regarding the administrative regulation during the comment period. The comment period shall begin on the date the administrative regulation is filed with the regulations compiler and:

1. For an ordinary administrative regulation, shall run until 11:59 p.m. on the last day of the calendar month following the month in which the administrative regulation was published in the Administrative Register; or

2. For an emergency administrative regulation, shall run until 11:59 p.m. on the last day of the calendar month in which the administrative regulation is published in the Administrative Register.

(2) Each administrative regulation shall state:

(a) The place, time, and date of the scheduled public hearing;

(b) The manner in which interested persons shall submit their:

1. Notification of attending the public hearing; and

2. Written comments;

(c) That notification of attending the public hearing shall be transmitted to the administrative body no later than five (5) workdays prior to the date of the scheduled public hearing;

(d) The deadline for submitting written comments regarding the administrative regulation in accordance with subsection (1)(c) of this section; and

(e) The name, position, mailing address, ***email***~~[e-mail]~~ address, and telephone and facsimile numbers of the person to whom a notification and written comments shall be transmitted.

(3) (a) A person who wishes to be notified that an administrative body has filed an administrative regulation shall:

1. Contact the administrative body by telephone or written letter to request that the administrative body send the information required by paragraph~~[(c) or]~~ (d) ***or (e)*** of this subsection to the person; or

2. Complete an electronic registration form located on a centralized state government ***website***~~[Web site]~~ developed and maintained by the Commonwealth Office of Technology ***pursuant to subsection (13) of this section***.

(b) A registration submitted pursuant to paragraph (a) of this subsection shall:

1. Indicate whether the person wishes to receive notification regarding:

a. All administrative regulations promulgated by an administrative body; or

b. Each administrative regulation that relates to a specified subject area. The subject areas shall be provided by the administrative bodies and shall be listed on the centralized state government ***website***~~[Web site]~~ in alphabetical order;

2. Include a request for the person to provide an ***email***~~[e-mail]~~ address in order to receive regulatory information electronically;

3. Be valid for a period of four (4) years from the date the registration is submitted, or until the person submits a written request to be removed from the notification list, whichever occurs first; and

4. Be transmitted to the promulgating administrative body, if the registration was made through the centralized state government ***website***~~[Web site]~~. The collected ***email***~~[e-mail]~~ addresses shall be used solely for the purposes of this subsection and shall not be sold, transferred, or otherwise made available to third parties, other than the promulgating administrative body.

(c) ***An administrative body that promulgates administrative regulations shall:***

1. Request that the Commonwealth Office of Technology add it to the centralized state government website if the administrative body is not already included;

2. Maintain a list of registrations transmitted to the body pursuant to paragraph (b)4. of this subsection;

3. Establish a method to transfer the registrations if there are personnel changes or other disruptions; and

4. Communicate updates to subject areas and contact persons to the Commonwealth Office of Technology as needed.

(d) A copy of the administrative regulation as filed, and all attachments required by KRS 13A.230(1), shall be ***emailed by the administrative body***~~[e-mailed]~~:

1. To every person who has:

   a. Registered pursuant to paragraph (a) of this subsection; and

   b. Provided an ***email***~~[e-mail]~~ address as part of the registration request;

2. Within five (5) working days after the date the administrative regulation is filed with the Commission; and

3. With a request from the administrative body that affected individuals, businesses, or other entities submit written comments that identify the anticipated effects of the proposed administrative regulation.

(e)~~[(d)]~~ Within five (5) working days after the date the administrative regulation is filed with the Commission, the administrative body shall mail the following information to every person who has registered pursuant to paragraph (a) of this subsection but did not provide an ***email***~~[e-mail]~~ address:

1. A cover letter from the administrative body requesting that affected individuals, businesses, or other entities submit written comments that identify the anticipated effects of the proposed administrative regulation;

2. A copy of the regulatory impact analysis required by KRS 13A.240 completed in detail sufficient to put the individual on notice as to the specific contents of the administrative regulation, including all proposed amendments to the administrative regulation; and

3. A statement that a copy of the administrative regulation may be obtained from the Commission's ***website***~~[Web site]~~, which can be accessed on-line through public libraries or any computer with internet access. The Commission's ***website***~~[Web site]~~ address shall be included in the statement.

~~[(e) An administrative body shall not be required to send a copy of an administrative regulation that was amended after comments in accordance with KRS 13A.280 to persons who have registered pursuant to paragraph (a) of this subsection, unless the person requested a copy pursuant to KRS 13A.280(8).]~~

(4) (a) If small business may be impacted by an administrative regulation, the administrative body shall ***email***~~[e-mail]~~ a copy of the administrative regulation as filed, and all attachments required by KRS 13A.230(1), to the chief executive officer of the Commission on Small Business Innovation and Advocacy within ***five (5) working days***~~[one (1) working day]~~ after the date the administrative regulation is filed with the Commission.

(b) The ***email***~~[e-mail]~~ shall include a request from the administrative body that the Commission on Small Business Innovation and Advocacy review the administrative regulation in accordance with KRS 11.202(1)(e) and submit its report or comments in accordance with the deadline established in subsection (1)(c) of this section. A copy of the report shall be filed with the regulations compiler.

(c) An administrative body shall not be required to send a copy of an administrative regulation that was amended after comments in accordance with KRS 13A.280 to the Commission on Small Business Innovation and Advocacy, unless its chief executive officer requested a copy pursuant to KRS 13A.280(8).

(5) (a) If a local government may be impacted by an administrative regulation, the administrative body shall send, by ***email***~~[e-mail]~~ if the local government has an ***email***~~[e-mail]~~ address, a copy of the administrative regulation as filed and all attachments required by KRS 13A.230(1) to each ***impacted*** local government in the state within ***five (5) working days***~~[one (1) working day]~~ after the date the

administrative regulation is filed with the Commission. If the local government does not have an ***email***~~[e-mail]~~ address, the material shall not be sent.

(b) The ***email***~~[e-mail]~~ shall include a request from the administrative body that the local government review the administrative regulation in the same manner as would the Commission on Small Business Innovation and Advocacy under KRS 11.202(1)(e), and submit its report or comments in accordance with the deadline established in subsection (1)(c) of this section. A copy of the report or comments shall be filed with the regulations compiler.

(c) An administrative body shall not be required to send a copy of an administrative regulation that was amended after comments in accordance with KRS 13A.280 to a local government, unless its contact person requested a copy pursuant to KRS 13A.280(8).

(6) Persons desiring to be heard at the hearing shall notify the administrative body in writing as to their desire to appear and testify at the hearing not less than five (5) workdays before the scheduled date of the hearing.

(7) The administrative body shall immediately notify the regulations compiler by letter if:

(a) No written notice of intent to attend the public hearing is received by the administrative body at least five (5) workdays before the scheduled hearing, and it chooses to cancel the public hearing; and

(b) No written comments have been received by the close of the last day of the public comment period.

(8) (a) 1. Upon receipt from interested persons of their intent to attend a public hearing, the administrative body shall notify the regulations compiler by letter that the public hearing shall be held.

2. If the public hearing is held but no comments are received during the hearing, the administrative body shall notify the regulations compiler by letter that the public hearing was held and that no comments were received.

(b) Upon receipt of written comments, the administrative body shall notify the regulations compiler by letter that written comments have been received.

(9) If the notifications required by subsections (7) and (8) of this section are not received by the regulations compiler by close of business on the second workday of the calendar month following the end of the public comment period, the administrative regulation shall be deferred to the next regularly scheduled meeting of the subcommittee.

(10) The notifications required by subsections (7) and (8) of this section shall be made by letter. The letter may be sent by ***email***~~[e-mail]~~ if the administrative body uses an electronic signature and letterhead for the ***emailed***~~[e-mailed]~~ document.

(11) Every hearing shall be conducted in such a manner as to guarantee each person who wishes to offer comment a fair and reasonable opportunity to do so, whether or not such person has given the notice contemplated by subsection (6) of this section. No transcript need be taken of the hearing, unless a written request for a transcript is made, in which case the person requesting the transcript shall have the responsibility of paying for same. A recording may be made in lieu of a transcript under the same terms and conditions as a transcript. This section shall not preclude an administrative body from making a transcript or making a recording if it so desires.

(12) Nothing in this section shall be construed as requiring a separate hearing on each administrative regulation. Administrative regulations may be grouped at the convenience of the administrative body for purposes of hearings required by this section.

(13) The centralized state government website that provides for the notification of the filing of administrative regulations and amendments to existing administrative regulations shall provide:

(a) The electronic registration notification form required by subsection (3)(a) of this section;

(b) Up-to-date contact information and subject areas for promulgating administrative bodies; and

(c) A form or contact information for an administrative body to:

1. Request to be added to the website if not already included; and

2. Add or change its subject areas and contact persons published on the website.

➔Section 11. KRS 13A.280 is amended to read as follows:

(1) Following the last day of the comment period, the administrative body shall give consideration to all comments received at the public hearing and all written comments received during the comment period, including:

(a) Any report filed by the Commission on Small Business Innovation and Advocacy in accordance with KRS 11.202(1)(e) and 13A.270(4), or by a local government in accordance with KRS 11.202(1)(e) and 13A.270(5); and

(b) Any comments regarding the administrative regulation's major economic impact~~[, as defined in KRS 13A.010,]~~ as submitted by agencies, local governments, or regulated entities.

(2) (a) Except as provided in paragraph (b) of this subsection, the administrative body shall file with the Commission on or before 12 noon, eastern time, on the fifteenth day of the calendar month following the end of the public comment period the statement of consideration relating to the administrative regulation and, if applicable, the amended after comments version.

(b) If the administrative body has received a significant number of public comments:

1. It may extend the time for filing the statement of consideration for an ordinary administrative regulation and, if applicable, the amended after comments version by notifying the regulations compiler in writing on or before 12 noon, eastern time, on the fifteenth day of the calendar month following the end of the public comment period; and

2. The administrative body shall file the statement of consideration for an ordinary administrative regulation and, if applicable, the amended after comments version, with the Commission on or before 12 noon, eastern time, no later than the fifteenth day of the second calendar month following the end of the public comment period.

(3) (a) If the administrative regulation is amended as a result of the hearing or written comments received, the administrative body shall ***file***~~[forward]~~ the items specified in this paragraph ***with***~~[to]~~ the regulations compiler by 12 noon, eastern time, on the applicable deadline specified in subsection (2) of this section:

1. The original and ***four (4)***~~[five (5)]~~ copies of the administrative regulation indicating any amendments resulting from comments received at the public hearing and during the comment period. The amendments shall be indicated in:

a. The original wording for an ordinary administrative regulation;~~[or]~~

b. ***The original wording for an emergency administrative regulation; or***

c. The wording of an emergency administrative regulation as amended, for an emergency administrative regulation that was amended at a legislative committee meeting pursuant to KRS 13A.190(3);

2. The original and ***four (4)***~~[five (5)]~~ copies of the statement of consideration as required by subsection (2) of this section, attached to the back of the original and each copy of the administrative regulation; and

3. The regulatory impact analysis, tiering statement, federal mandate comparison ***if applicable***, ***and***~~[or]~~ fiscal note~~[on local government]~~. These documents shall reflect changes resulting from amendments made after the public hearing.

(b) ***1.*** ***Each***~~[The]~~ original~~[and four (4) copies of the]~~ amended after comments version, the statement of consideration, and the attachments required by paragraph (a)3. of this subsection shall be ***single-sided and*** stapled in the top left corner.

2. One (1) of the copies shall be single-sided and unstapled.

3. The other three (3) copies shall be stapled in the top left corner and may be double-sided~~[The fifth copy shall not be stapled]~~.

(c) At the same time as, or prior to, filing the paper version, the administrative body shall file an electronic version of the amended after comments version, the statement of consideration, and the required attachments saved as a single document for each amended after comments administrative regulation in an electronic format approved by the regulations compiler.

(d) Within five (5) working days after filing an amended after comments version, an administrative body shall:

1. Prominently display on its website:

a. A notice that an amended after comments version has been filed with the Commission;

b. A summary of the amended after comments version including:

i. The number of the administrative regulation;

ii. The title of the administrative regulation; and

iii. A brief explanation of the changes made; and

c. Information on how to access the amended after comments version on the Commission's website; and

2. Email the amended after comments version and statement of consideration as filed, and all attachments required by paragraph (a)3. of this subsection, to every person who has registered pursuant to subsection (3)(a)2. of Section 10 of this Act and provided an email address as part of the registration request.

(e) Material incorporated by reference that is amended after comments shall be filed, and if applicable, displayed in the manner required by Section 6 of this Act.

(4) (a) If the administrative regulation is not amended as a result of the public hearing, or written comments received, the administrative body shall file the original and ***four (4)***~~[five (5)]~~ copies of the statement of consideration with the regulations compiler by 12 noon, eastern time, on the deadline established in subsection (2) of this section.

1. Each original statement of consideration shall be single-sided and stapled in the top left corner.

2. One (1) of the copies shall be single-sided and unstapled.

3. The other three (3) copies~~[The original and four (4) copies of the statement of consideration]~~ shall be stapled in the top left corner ***and may be double-sided***~~[. The fifth copy of each statement of consideration shall not be stapled]~~.

(b) If the statement of consideration covers multiple administrative regulations ***that were not amended as a result of the public hearing or written comments received***~~[, as authorized by subsection (6)(g)1. of this section]~~, the administrative body shall file with the regulations compiler:

1. The original and ***four (4)***~~[five (5)]~~ copies of the statement of consideration as required by paragraph (a) of this subsection; and

2. Two (2) additional unstapled***, single-sided*** copies of the statement of consideration for each additional administrative regulation included in the group of administrative regulations.

(c) At the same time as, or prior to, filing the paper version, the administrative body shall file an electronic version of the statement of consideration saved as a single document for each statement of consideration in an electronic format approved by the regulations compiler.

(5) ***(a)*** If comments are received either at the public hearing or during the public comment period, the administrative regulation shall be deferred to the next regularly scheduled meeting of the subcommittee following the month in which the statement of consideration is due.

(b) A filed administrative regulation that is deferred under this subsection due to receipt of public comments may still be placed on the subcommittee's agenda for informational review pursuant to subsection (3) or (4) of Section 18 of this Act.

(c) If a filed administrative regulation is placed on the agenda pursuant to paragraph (b) of this subsection, the full review of the filed administrative regulation shall still be deferred in accordance with this subsection.

(6) The format for the statement of consideration shall be as follows:

(a) The statement shall be typewritten on white paper, size eight and one-half (8-1/2) by eleven (11) inches. Copies of the statement may be mechanically reproduced;

(b) The first page of the statement of consideration shall have a two (2) inch top margin;

(c) The heading of the statement shall consist of the words "STATEMENT OF CONSIDERATION RELATING TO" followed by the number of the administrative regulation that was the subject of the public hearing and comment period and the name of the promulgating administrative body. The heading shall be centered. This shall be followed by the words "Not Amended After Comments," "Emergency Not Amended After Comments," "Amended After Comments," or "Emergency Amended After Comments," whichever is applicable;

(d) If a hearing has been held or written comments received, the heading is to be followed by:

1. A statement setting out the date, time and place of the hearing, if the hearing was held;

2. A list of those persons who attended the hearing or who submitted comments and the organization, agency, or other entity represented, if applicable; and

3. The name and title of the representative of the promulgating administrative body;

(e) ***1.*** Following the general information, the promulgating administrative body shall summarize the comments received at the public hearing and during the comment period and the response of the promulgating administrative body. Each subject commented upon shall be summarized in a separate numbered paragraph. Each numbered paragraph shall contain two (2) subsections:

a. ~~[1.]~~ Subsection (a) shall be labeled "Comment," shall identify the name of the person, and the organization represented if applicable, who made the comment, and shall contain a summary of the comment; and

b. ~~[2.]~~ Subsection (b) shall be labeled "Response" and shall contain the response to the comment by the promulgating administrative body**.**

2. If administrative regulations were considered as a group and a comment relates to one (1) or more of the administrative regulations, the summary of the comment and response shall specify each administrative regulation to which it applies;

(f) ***1.*** Following the summary ***of the*** ~~[and]~~ comments ***and responses***, the promulgating administrative body shall ~~[:~~

~~1.]~~summarize the statement ***of consideration*** and the action taken by the administrative body as a result of comments received at the public hearing and during the comment period~~.[; and]~~

2. ***If administrative regulations were considered as a group, a separate summary and action taken shall be provided for each administrative regulation*** ~~[If amended after the comment period, list the changes made to the administrative regulation in the format prescribed by KRS 13A.320(2)(c) and (d)]~~; and

(g) ~~[1. If administrative regulations were considered as a group at a public hearing, one (1) statement of consideration may include the group of administrative regulations. If a comment relates to one (1) or more of the administrative regulations in the group, the summary of the comment and response shall specify each administrative regulation to which it applies.~~

~~2.]~~ Emergency administrative regulations shall be in a separate statement of consideration from ordinary administrative regulations.

(7) If the administrative regulation is amended pursuant to subsection (3) of this section, the full text of the administrative regulation shall be published in the Administrative Register. The changes made to the administrative regulation shall be typed in bold and made in the format prescribed by KRS 13A.222(2). The administrative regulation shall be reviewed by the Administrative Regulation Review Subcommittee after such publication.

(8) If requested, copies of the statement of consideration and, if applicable, the amended after comments version of the administrative regulation shall be made available by the promulgating administrative body to persons attending the hearing or submitting comments or who specifically request a copy from the administrative body.

➔Section 12. KRS 13A.290 is amended to read as follows:

(1) (a) Except as provided by KRS 158.6471 and 158.6472, the Administrative Regulation Review Subcommittee shall meet monthly to review administrative regulations prior to close of business on the fifteenth day of the calendar month.

(b) The agenda shall:

1. Include each administrative regulation that completed the public comment process;

2. Include each administrative regulation for which a statement of consideration was received on or before 12 noon, eastern time, on the fifteenth day of the prior calendar month;

3. Include each effective administrative regulation ***or administrative regulation filed with the Commission*** that the subcommittee has decided to review ***pursuant to subsection (3) of Section 18 of this Act***;

4. ***Include each administrative regulation required to be on the agenda pursuant to subsection (4) of Section 18 of this Act;***

5. Include each administrative regulation that was deferred from the prior month's meeting of the subcommittee; and

6.~~[5.]~~ Not include an administrative regulation that is deferred, withdrawn, expired, or automatically taken off the agenda under the provisions of this chapter***, unless it is being reviewed pursuant to subsection (3) or (4) of Section 18 of this Act***.

(c) Review of an administrative regulation shall include the entire administrative regulation and all attachments filed with the administrative regulation. The review of amendments to existing administrative regulations shall not be limited to only the changes proposed by the promulgating administrative body.

(2) The meetings shall be open to the public.

(3) Public notice of the time, date, and place of the Administrative Regulation Review Subcommittee meeting shall be given in the Administrative Register.

(4) (a) A representative of the administrative body for an administrative regulation ***on the agenda***~~[under consideration]~~ shall be present to explain the administrative regulation and to answer questions thereon.

(b) If a representative of ***an***~~[the]~~ administrative body with authority to amend***, defer, and answer questions about*** a filed ***ordinary or emergency*** administrative regulation ***that is on the agenda for full review fails to appear before***~~[is not present at the subcommittee meeting, the administrative regulation shall be deferred to the next regularly scheduled meeting of]~~ the subcommittee***, the subcommittee may:***

1. Defer the administrative regulation to the next regularly scheduled meeting of the subcommittee; and

2. Make a determination pursuant to subsections (2), (3), and (4) of Section 18 of this Act or subsection (3) of Section 3 of this Act.

(c) If a representative of an administrative body ***with authority to defer and answer questions about an***~~[for an effective]~~ administrative regulation ***that was placed on the agenda for informational review pursuant to subsection (3) or (4) of Section 18 of this Act*** fails to appear before the subcommittee, the subcommittee may:

1. Defer the ***informational review of the*** administrative regulation to the next regularly scheduled meeting of the subcommittee; ***and***~~[or]~~

2. Make a determination pursuant to KRS 13A.030(2), (3), and (4), or KRS 13A.190(3).

(5) Following the meeting and before the next regularly scheduled meeting of the Commission, the Administrative Regulation Review Subcommittee shall forward to the Commission its findings, recommendations, or other comments it deems appropriate in writing.~~[The Administrative Regulation Review Subcommittee shall also forward to the Commission its findings, recommendations, or other comments it deems appropriate on an effective administrative regulation it has reviewed.]~~ The Administrative Regulation Review Subcommittee's findings shall be published in the Administrative Register.

(6) (a) After review by the Administrative Regulation Review Subcommittee, the Commission shall, on the first Wednesday of the following month, or if the first Wednesday is a legal holiday, the next workday of the month***:***~~[,]~~

1. Assign a filed administrative regulation to a legislative committee with subject matter jurisdiction ***if the administrative regulation was on the agenda for full review pursuant to subsection (1)(b)1., 2., or 5. of this section; and***

2. Not assign a filed administrative regulation to a legislative committee with subject matter jurisdiction if the administrative regulation was solely on the agenda for informational review pursuant to subsection (3) or (4) of Section 18 of this Act.

(b) Upon notification of the assignment by the Commission, the legislative committee to which the administrative regulation is assigned shall notify the regulations compiler:

1. Of the date, time, and place of the meeting at which it will consider the administrative regulation; or

2. That it will not meet to consider the administrative regulation.

(7) (a) Within ninety (90) days of the assignment, the legislative committee may hold a public meeting during which the administrative regulation shall be reviewed.

(b) If the ninetieth day of the assignment falls on a Saturday, Sunday, or holiday, the deadline for review shall be the workday following the Saturday, Sunday, or holiday.

(c) 1. If the administrative regulation is assigned to an interim joint committee and a session of the General Assembly begins during the review period, the assignment shall transfer to the Senate and House standing committees with subject matter jurisdiction.

2. If the administrative regulation is assigned to Senate and House standing committees and a session of the General Assembly adjourns sine die during the review period, the assignment shall transfer to the interim joint committee with subject matter jurisdiction.

3. An administrative regulation may be transferred more than one (1) time under this paragraph. A transfer shall not extend the review period established by this subsection.

(d) Notice of the time, date, and place of the meeting shall be placed in the legislative calendar.

(8) Except as provided in subsection (9) of this section, a legislative committee shall be empowered to make the same determinations and to exercise the same authority as the Administrative Regulation Review Subcommittee***, including all powers and restrictions relating to informational reviews conducted under subsection (3) or (4) of Section 18 of this Act.***

(9) (a) This subsection shall apply to ***ordinary and emergency*** administrative regulations filed with the Commission ***and reviewed pursuant to subsection (7) of this section***.

(b) A majority of the entire membership of the legislative committee shall constitute a quorum for purposes of reviewing administrative regulations.

(c) In order to amend an administrative regulation pursuant to KRS 13A.320, defer an administrative regulation pursuant to KRS 13A.300, or find an administrative regulation deficient pursuant to KRS 13A.030(2), (3), or (4) or 13A.190(3), the motion to amend, defer, or find deficient shall be approved by a majority of the entire membership of the legislative committee. Additionally, during a session of the General Assembly, standing committees of the Senate and House of Representatives shall agree in order to amend an administrative regulation, defer an administrative regulation, or find an administrative regulation deficient by:

1. Meeting separately; or

2. Meeting jointly. If the standing committees meet jointly, it shall require a majority vote of Senate members voting and a majority of House members voting, as well as the majority vote of the entire membership of the standing committees meeting jointly, in order to take action on the administrative regulation.

(10) (a) The quorum requirements of subsection (9)(b) of this section shall apply to an effective ***or filed*** administrative regulation ***that is*** under ***informational*** review by a legislative committee ***pursuant to subsection (3) or (4) of Section 18 of this Act and subsection (8) of this section***.

(b) A motion to ***defer the informational review of an*** ~~[find an effective]~~ administrative regulation ***or find the administrative regulation*** deficient shall be approved by:

1. A majority of the entire membership of the Administrative Regulation Review Subcommittee; or

2. A legislative committee in accordance with subsection (9)(c) of this section.

(11) (a) Upon adjournment of the meeting at which a legislative committee has considered an administrative regulation pursuant to subsection (7) or (10) of this section, the legislative committee shall inform the regulations compiler of its findings, recommendations, or other action taken on the administrative regulation.

(b) Following the meeting and before the next regularly scheduled meeting of the Commission, the legislative committee shall forward to the Commission its findings, recommendations, or other comments it deems appropriate in writing. The legislative committee's findings shall be published in the Administrative Register.

➔Section 13. KRS 13A.300 is amended to read as follows:

(1) The administrative body that promulgated an administrative regulation may request that consideration of the administrative regulation be deferred by a legislative committee.

(2) The deferral of an administrative regulation scheduled for ***full*** review by the Administrative Regulation Review Subcommittee ***pursuant to subsection (1)(b)1., 2., or 5. of Section 12 of this Act*** shall be governed by KRS 13A.020(4) and the following:

(a) A request for deferral of an ordinary administrative regulation filed with the Commission shall be automatically granted if:

1. The administrative body submits a written letter to the regulations compiler; and

2. The letter is received ***by 12 noon, eastern time, at least five (5) calendar days*** prior to the subcommittee meeting;

(b) A request for deferral of an~~[effective administrative regulation or an]~~ emergency administrative regulation may be granted if:

1. The administrative body submits a written letter to the regulations compiler;

2. The letter is received prior to the subcommittee meeting; and

3. Approved by the co-chairs of the Administrative Regulation Review Subcommittee;

(c) A request for deferral may be granted at the discretion of the subcommittee if the request is made by the administrative body orally at a meeting of the subcommittee;

(d) The subcommittee may request that consideration of an administrative regulation be deferred by the promulgating administrative body. Upon receipt of the request, the promulgating administrative body may agree to defer consideration of the administrative regulation;

(e) Except as provided in paragraph ***(g)***~~[(f)]~~ of this subsection, an administrative regulation that has been deferred ***for full review*** shall be placed on the agenda of the next scheduled meeting of the subcommittee. ~~[If it is an administrative regulation filed with the Commission,]~~The subcommittee shall consider the administrative regulation as if it had met all other requirements of filing. Repromulgation shall not be required in those cases;~~[and]~~

(f) ***1. A filed administrative regulation deferred under this subsection may still be placed on the agenda pursuant to subsection (3) or (4) of Section 18 of this Act for informational review.***

2. If a filed administrative regulation is placed on the agenda pursuant to subparagraph 1. of this paragraph, the full review of the filed administrative regulation shall still be deferred in accordance with this subsection; and

(g) An administrative regulation shall not be deferred under this subsection more than twelve (12) times.

(3)~~[(a)]~~ The deferral of ***an informational review for an***~~[a filed ordinary]~~ administrative regulation ***scheduled by the Administrative Regulation Review Subcommittee pursuant to subsection (1)(b)3. or 4. of Section 12 of this Act***~~[referred to a second legislative committee or committees pursuant to KRS 13A.290(6) and (7)]~~ shall be governed by ***KRS 13A.020(4) and the following:***~~[this subsection and the voting requirements of KRS 13A.290(9).]~~

(a)~~[(b)1.]~~ A request ***to defer an informational review for an administrative regulation that was placed on the subcommittee's agenda may be***~~[for deferral shall be automatically]~~ granted if:

1.~~[a.]~~ The administrative body submits a written letter to the regulations compiler;~~[and]~~

2.~~[b.]~~ The letter is received prior to the ***subcommittee***~~[legislative committee]~~ meeting***; and***

3. Approved by the co-chairs of the Administrative Regulation Review Subcommittee;

(b)~~[2.]~~ A request for deferral may be granted at the discretion of the ***subcommittee***~~[second legislative committee]~~ if the request is made by the administrative body orally at a meeting of the ***subcommittee***~~[legislative committee]~~; and~~[~~

~~3. The legislative committee may request that consideration of an administrative regulation be deferred by the promulgating administrative body. Upon receipt of the request, the promulgating administrative body may agree to defer consideration of the administrative regulation.]~~

(c)~~[1.]~~ An ***informational review for an*** administrative regulation that is deferred may be placed on ***the***~~[a subsequent]~~ agenda of the ***next scheduled meeting of the subcommittee***~~[legislative committee or committees within the review period.~~

~~2. If a filed ordinary administrative regulation that has been deferred is not placed on a subsequent agenda within the review period, the administrative regulation shall take effect at the expiration of the review period]~~.

(4) (a) The deferral of ***a filed ordinary or emergency***~~[an effective]~~ administrative regulation ***assigned to a second***~~[or an emergency administrative regulation under review by a]~~ legislative committee ***or committees for full review pursuant to subsections (6) and (7) of Section 12 of this Act*** shall be governed by this subsection and the voting requirements of KRS 13A.290(9).

(b) A request for deferral may be granted if:

1. The administrative body submits a written letter to the regulations compiler;

2. The letter is received***:***

a. Prior to the legislative committee meeting ***for an emergency administrative regulation; or***

b. By 12 noon, eastern time, at least five (5) calendar days prior to the legislative committee meeting for an ordinary administrative regulation; and

3. Approved by the presiding chair or chairs.

(c) A request for deferral may be granted at the discretion of the ***second*** legislative committee if the request is made by the administrative body orally at a meeting of the legislative committee.

(d) ***1. At a meeting of a legislative committee,*** the legislative committee may request that consideration of an administrative regulation be deferred by the administrative body. Upon receipt of the request, the administrative body may agree to defer consideration of the administrative regulation.

2.~~[(c)]~~ An administrative regulation that is deferred ***for full review*** may be placed on a subsequent agenda of the legislative committee ***or committees within the review period.***

3. Except as provided by subparagraph 4. of this paragraph, if a filed ordinary administrative regulation that has been deferred for full review is not placed on a subsequent agenda within the review period, the administrative regulation shall take effect at the expiration of the review period.

4. a. If requested by the administrative body, an administrative regulation may be deferred beyond the review period for an additional ninety (90) days if the deferral is requested and approved as established by paragraphs (b) and (c) of this subsection.

b. If a filed ordinary administrative regulation that has been deferred is not placed on a subsequent agenda within the additional ninety (90) days, the administrative regulation shall take effect at the expiration of the additional ninety (90) days.

(e) 1. A filed administrative regulation deferred under this subsection may still be placed on the agenda for informational review pursuant to subsection (3) or (4) of Section 18 of this Act and subsection (8) of Section 12 of this Act.

2. If a filed administrative regulation is placed on the agenda pursuant to subparagraph 1. of this paragraph, the full review of the filed administrative regulation may be scheduled by the legislative committee at a subsequent meeting during the ninety (90) day review period.

(5) ***(a) The deferral of an informational review for an administrative regulation scheduled by a second legislative committee pursuant to subsection (3) or (4) of Section 18 of this Act and subsection (8) of Section 12 of this Act shall be governed by this subsection and the voting requirements of subsection (9) of Section 12 of this Act.***

(b) A request to defer an informational review for an administrative regulation that was placed on the legislative committee's agenda may be granted if:

1. The administrative body submits a written letter to the regulations compiler;

2. The letter is received prior to the legislative committee meeting; and

3. Approved by the presiding chair or chairs.

(c) A request for deferral of an informational review for an administrative regulation may be granted at the discretion of the legislative committee if the request is made by the administrative body orally at a meeting of the legislative committee.

(d) An informational review for an administrative regulation that is deferred may be placed on a subsequent agenda of the legislative committee.

(6) Except as provided by KRS 13A.290(4), if a representative of an administrative body ***with authority to amend, defer, and answer questions about a filed ordinary or emergency*** ~~[whose]~~ administrative regulation ***that is on the agenda*** ~~[is scheduled]~~ for ***full*** review fails to appear before a legislative committee, the legislative committee in conformance with KRS 13A.290(9) may:

(a) Defer the administrative regulation to ***a subsequent*** ~~[the next regularly scheduled]~~ meeting of the legislative committee ***within the review period***; ***and*** ~~[or]~~

(b) Make a determination pursuant to KRS 13A.030(2)***, (3), and (4)*** or 13A.190(3).

(7) If a representative of an administrative body with authority to defer and answer questions about an administrative regulation that was placed on the agenda for informational review pursuant to subsection (3) or (4) of Section 18 of this Act and subsection (8) of Section 12 of this Act fails to appear before the legislative committee, the legislative committee in conformance with subsection (9) of Section 12 of this Act may:

(a) Defer the informational review for the administrative regulation to a subsequent meeting of the legislative committee; and

(b) Make a determination pursuant to subsections (2), (3), and (4) of Section 18 of this Act or subsection (3) of Section 3 of this Act.

(8) An administrative regulation found deficient by a legislative committee may be deferred in accordance with KRS 13A.020(4), Section 12 of this Act, and this section.

➔Section 14. KRS 13A.312 is amended to read as follows:

(1) If authority over a subject matter is transferred to another administrative body or if the name of an administrative body is changed by statute or by executive order during the interim between regular sessions of the General Assembly, the administrative regulations of that administrative body in effect on the effective date of the statutory change or the executive order shall remain in effect as they exist until the administrative body that has been granted authority over the subject matter amends or repeals the administrative regulations pursuant to KRS Chapter 13A.

(2) After receipt of a written request, submitted pursuant to subsection (3) of this section, to make changes to an administrative regulation pursuant to the statutory change or executive order, the regulations compiler shall alter the administrative regulations referenced in subsection (1) of this section to:

(a) Change the name of the administrative body pursuant to the provisions of the statute or executive order; and

(b) Make any other technical changes necessary to carry out the provisions of the statute or executive order ***if the changes do not affect the scope or substance of the administrative regulation***.

(3) ***(a)*** The administrative body that has been granted statutory authority over the subject matter shall provide to the regulations compiler in writing ***and in an electronic format approved by the regulations compiler***:

1.~~[(a)]~~ A listing of the administrative regulations that require any changes; and

2.~~[(b)]~~ The specific names, terms, or other information to be changed***, marked in the complete text of the existing administrative regulation in the format prescribed by KRS 13A.222(2).***

(b) If there are differences between the paper copy and the electronic version, the electronic version shall be the controlling version~~[with those changes properly referenced]~~.

(4) The administrative body that has been granted statutory authority over the subject matter shall submit new forms to replace forms previously incorporated by reference in an administrative regulation if the only changes on the form are the name and mailing address of the administrative body. If there are additional changes to a form incorporated by reference, the administrative body shall promulgate an amendment to the existing administrative regulation and make the changes to the material incorporated by reference in accordance with KRS 13A.2255.

(5) If an administrative body is abolished by statute or executive order and the authority over its subject matter is not transferred to another administrative body, the Governor, or the secretary of the cabinet to which the administrative body was attached, shall promulgate an administrative regulation to repeal the existing administrative regulations that were promulgated by the abolished administrative body. The repeal shall be accomplished as provided by KRS 13A.310.

(6) If an executive order transfers authority over a subject matter to another administrative body or changes the name of an administrative body during the interim between regular sessions of the General Assembly, and the General Assembly does not codify or confirm the executive order during the next regular session, any and all administrative regulations promulgated to implement the unconfirmed executive order shall be returned to their previous form by the administrative body using the promulgation procedures established by KRS Chapter 13A, including but not limited to:

(a) Withdrawal of a proposed administrative regulation;

(b) Amendment or repeal of an existing administrative regulation;

(c) Promulgation of a new administrative regulation; or

(d) Submission of technical changes in the manner established by subsections (3) and (4) of this section.

➔Section 15. KRS 13A.315 is amended to read as follows:

(1) An administrative regulation shall expire and shall not be reviewed by a legislative committee if:

(a) It has not been reviewed or approved by the official or administrative body with authority to review or approve;

(b) The statement of consideration and, if applicable, the amended after comments version are not filed on or before a deadline specified by this chapter;

(c) The administrative body has failed to comply with the provisions of this chapter governing the filing of administrative regulations, the public hearing and public comment period, or the statement of consideration; or

(d) The administrative regulation is deferred pursuant to KRS 13A.300(2) more than twelve (12) times.

(2) (a) An administrative regulation that has been found deficient by a legislative committee shall be withdrawn immediately if, pursuant to KRS 13A.330, the Governor has determined that it shall be withdrawn.

(b) The Governor shall notify the regulations compiler in writing~~[and by telephone]~~ that he or she has determined that the administrative regulation found deficient shall be withdrawn.

(c) The written withdrawal of an administrative regulation governed by the provisions of this subsection shall be made in a letter to the regulations compiler in the following format: "Pursuant to KRS 13A.330, I have determined that (administrative regulation number and title) shall be (withdrawn, or withdrawn and amended to conform to the finding of deficiency, as applicable). The administrative regulation, (administrative regulation number and title), is hereby withdrawn."

(d) An administrative regulation governed by the provisions of this subsection shall be considered withdrawn upon receipt by the regulations compiler of the written withdrawal.

➔Section 16. KRS 13A.320 is amended to read as follows:

(1) (a) An administrative body may amend ***a filed ordinary or emergency*** ~~[an]~~ administrative regulation at a legislative committee meeting with the consent of the legislative committee. A legislative committee may amend ***a filed ordinary or emergency*** ~~[an]~~ administrative regulation at a legislative committee meeting with the consent of the administrative body.

(b) An administrative regulation shall not be amended at a public meeting of a legislative committee unless the amendment concerns an issue that was related to the administrative regulation filed with the Legislative Research Commission and was:

1. Considered at the public hearing;

2. Raised pursuant to a comment received by the administrative body at the public hearing or during the public comment period pursuant to KRS 13A.280(1); or

3. Raised during the legislative committee meeting.

(c) Nothing in this chapter shall be construed to require the administrative regulation's resubmission or refiling or other action. The administrative regulation may be adopted as amended.

(d) Following approval of an amendment to an administrative regulation at a legislative committee meeting, the administrative regulation as amended shall be published in the Administrative Register, unless all amendments to the administrative regulation that were made at the meeting of the legislative committee:

1. Relate only to the formatting and drafting requirements of KRS 13A.220(5) and 13A.222(4)(b), (c), (i), (j), and (l); and

2. Do not alter the intent, meaning, conditions, standards, or other requirements of the administrative regulation.

(e) If the amendments to an administrative regulation made at a meeting of a legislative committee meet the exception requirements of paragraph (d) of this subsection, the regulations compiler shall publish a notice in the Administrative Register that the administrative regulation was amended at a legislative committee meeting only to comply with the formatting and drafting requirements of this chapter.

(2) ***If*** ~~[When]~~ an administrative body intends to amend an administrative regulation at a meeting of a legislative committee, the following requirements shall be met:

(a) ***An amendment*** ~~[Amendments]~~ offered by the administrative body prior to a legislative committee meeting shall be approved by the head of the administrative body***;*** ~~[.]~~

(b) ***The amendment*** ~~[Amendments]~~ shall be contained in a letter to the legislative committee. The letter shall:

1. Identify the administrative body;

2. State the number and title of the administrative regulation;

3. Be dated; ***and***

4. Be filed with the regulations compiler***; and*** ~~[at least three (3) workdays prior to the meeting of the legislative committee if the amendments are initiated by the administrative body; and~~

~~5. Comply with the format requirements in paragraphs (c) and (d) of this subsection if the amendments are initiated by the administrative body.]~~

(c) ***The amendment shall be made in one (1) of the following formats:***

1. ***a.*** On separate lines, the amendment shall be identified by the number of the:

i. ~~[1.]~~ Page;

ii. ~~[2.]~~ Section, subsection, paragraph, subparagraph, clause, or subclause, as appropriate; and

iii. ~~[3.]~~ Line.

b.~~[(d) 1.]~~ If a word or phrase, whether or not underlined, is to be deleted, the amendment shall identify the word or phrase to be deleted and state that it is to be deleted. If a word or phrase is to be replaced by another word or phrase, the amendment shall specify the word or phrase that is to be deleted and shall specify the word or phrase that is to be inserted in lieu thereof.

c.~~[2.]~~ If new language is to be inserted, the amendment shall state that it is to be inserted, and the new language shall be underlined.

d.~~[3.]~~ If the amendment consists of no more than four (4) words, the words shall be placed between quotation marks. If the amendment consists of more than four (4) words, the amendment shall be indented and not placed between quotation marks.

e.~~[4.]~~ If a section, subsection, paragraph, subparagraph, clause, or subclause is to be deleted in its entirety, the amendment shall identify it and state that it is deleted in its entirety, whether or not it contains underlined or bracketed language~~[~~.

~~(3) If an amendment is drafted by legislative committee staff on behalf of a legislative committee, the amendment shall be made:~~

~~(a) In the format required by subsection (2)(c) and (d) of this section]~~; or

2. ***a.***~~[(b)]~~ By substituting the complete text of the administrative regulation, with the proposed changes made to the administrative regulation typed in bold, italicized, and in the format prescribed by KRS 13A.222(2).

b. i. If the amendment is initiated by the administrative body, the administrative body shall submit at the same time as, or prior to, filing the paper version, an electronic version of the amendment in a format approved by the regulations compiler.

ii. If there are differences between the paper copy and the electronic version of the amendment, the electronic version shall be the controlling version.

(3) If the amendment is initiated by the administrative body, the amendment shall be:

(a) Filed at least three (3) working days prior to the meeting of the legislative committee;

(b) Filed with an updated fiscal note as established by subsection (4) of Section 8 of this Act;

(c) Filed with a summary of the amendment and an explanation of its intent; and

(d) Emailed as soon as practicable to every person who has registered pursuant to subsection (3)(a)2. of Section 10 of this Act and provided an email address as part of the registration request.

(4) An amendment to an administrative regulation may be made orally at a legislative committee meeting if the requirements of subsection (1)(a) of this section are met.

(5) Except for an amendment made orally pursuant to subsection (4) of this section:

(a) For a meeting of the Administrative Regulation Review Subcommittee, an administrative body shall submit ***fifteen (15)***~~[twenty (20)]~~ copies of an amendment to an administrative regulation to the regulations compiler prior to the Administrative Regulation Review Subcommittee meeting at which the amendment will be considered and, if applicable, in accordance with the deadline established in subsection ***(3)(a)***~~[(2)(b)4.]~~ of this section; or

(b) For a meeting of a legislative committee other than the Administrative Regulation Review Subcommittee, an administrative body shall contact the regulations compiler prior to the legislative committee meeting at which the amendment will be considered to find out the number of copies needed for that specific legislative committee. The original amendment and the specified number of copies shall be submitted to the regulations compiler prior to the legislative committee meeting at which the amendment will be considered and, if applicable, in accordance with the deadline established in subsection ***(3)(a)***~~[(2)(b)4.]~~ of this section.

➔Section 17. KRS 13A.335 is amended to read as follows:

(1) (a) A filed administrative regulation found deficient by a legislative committee shall not be considered deficient if:

1. A subsequent amendment of that administrative regulation is filed with the Commission by the administrative body;

2. The legislative committee that found the administrative regulation deficient approves a motion that the subsequent amendment corrects the deficiency; and

3. Any legislative committee that reviews the administrative regulation under the provisions of KRS Chapter 13A finds that the administrative regulation is not deficient.

(b) A filed administrative regulation found deficient by the Administrative Regulation Review Subcommittee shall not be considered deficient if:

1. The administrative regulation is amended to correct the deficiency at a meeting of ***a***~~[the]~~ legislative committee~~[to which it was assigned by the Commission]~~;

2. ***A***~~[That]~~ legislative committee does not determine that the administrative regulation is deficient for any other reason; and

3. The Administrative Regulation Review Subcommittee approves a motion that the deficiency has been corrected and that the administrative regulation should not be considered deficient.

(c) A filed administrative regulation found deficient by a legislative committee~~[with subject matter jurisdiction]~~ shall not be considered deficient if the legislative committee:

1. Reconsiders the administrative regulation and its finding of deficiency; and

2. Approves a motion that the administrative regulation is not deficient.

(d) If an amendment to an effective administrative regulation is going through the KRS Chapter 13A promulgation process and is found deficient by a legislative committee, the administrative regulation shall not be considered deficient if the:

1. Administrative regulation was found deficient due to the amendment;

2. Promulgating administrative body has withdrawn the proposed amendment of the existing administrative regulation; and

3. Regulations compiler has not received the Governor's determination pursuant to KRS 13A.330.

(2) If an effective administrative regulation is found deficient by a legislative committee, the administrative regulation shall not be considered deficient if the legislative committee:

(a) Reconsiders the administrative regulation and its finding of deficiency; and

(b) Approves a motion that the administrative regulation is not deficient.

(3) (a) If an administrative regulation has been found deficient by a legislative committee, the regulations compiler shall add the following notice to the administrative regulation: "This administrative regulation was found deficient by the [name of legislative committee] on [date]." This notice shall be the last section of the administrative regulation.

(b) If an administrative regulation has been found deficient by a legislative committee, subsequent amendments of that administrative regulation filed with the Commission shall contain the notice provided in paragraph (a) of this subsection.

(c) If an administrative regulation that has been found deficient by a legislative committee has subsequently been determined not to be deficient under the provisions of this section, the regulations compiler shall delete the notice required by paragraph (a) of this subsection.

➔Section 18. KRS 13A.030 is amended to read as follows:

(1) The Administrative Regulation Review Subcommittee shall:

(a) Conduct a continuous study as to whether additional legislation or changes in legislation are needed based on various factors, including~~[,]~~ but not limited to, review of new, emergency, and existing administrative regulations, the lack of administrative regulations, and the needs of administrative bodies;

(b) Except as provided by KRS 158.6471 and 158.6472, review and comment upon effective administrative regulations pursuant to subsections (2), (3), and (4) of this section or administrative regulations filed with the Commission;

(c) Make recommendations for changes in statutes, new statutes, repeal of statutes affecting administrative regulations or the ability of administrative bodies to promulgate them; and

(d) Conduct such other studies relating to administrative regulations as may be assigned by the Commission.

(2) The subcommittee may make a determination:

(a) That an effective administrative regulation or an administrative regulation filed with the Commission is deficient because it:

1. Is wrongfully promulgated;

2. Appears to be in conflict with an existing statute;

3. Appears to have no statutory authority for its promulgation;

4. Appears to impose stricter or more burdensome state requirements than required by the federal mandate, without reasonable justification;

5. Fails to use tiering when tiering is applicable;

6. Is in excess of the administrative body's authority;

7. Appears to impose an unreasonable burden on government or small business, or both;

8. Is filed as an emergency administrative regulation without adequate justification of the emergency nature of the situation as described in KRS 13A.190(1);

9. Has not been noticed in conformance with the requirements of KRS 13A.270(3);

10. Does not provide an adequate cost analysis pursuant to KRS 13A.250;~~[or]~~

11. ***Was the subject of the subcommittee's instruction to an administrative body to appear under subsection (4) of this section and the administrative body failed to:***

a. Appear;

b. Make a good-faith effort to answer subcommittee questions; or

c. Provide any information or data required by the subcommittee; or

12. Appears to be deficient in any other manner;

(b) That an administrative regulation is needed to implement an existing statute; or

(c) That an administrative regulation should be amended or repealed.

(3) The subcommittee may ***conduct an informational*** review ***of*** an effective administrative regulation ***or an administrative regulation filed with the Commission*** if requested by a member of the subcommittee.

(4) ***(a)*** The subcommittee may require any administrative body to ***appear before it to answer questions or*** submit data and information as required by the subcommittee in the performance of its duties under this chapter, and no administrative body shall fail to***:***

1. Appear before the subcommittee;

2. Make a good-faith effort to answer subcommittee questions;

3. Provide ***any***~~[the]~~ information or data required ***by the subcommittee; or***

4. Perform any combination of subparagraphs 1., 2., and 3. of this paragraph required by the subcommittee.

(b) Either co-chair of the subcommittee may require action by an administrative body under paragraph (a) of this subsection on behalf of the subcommittee.

(5) At least five (5) calendar days before an informational review of an ordinary administrative regulation, the subcommittee shall notify the affected administrative body.

Signed by Governor March 25, 2025.

CHAPTER 89

(SB 63)

AN ACT relating to street-legal special purpose vehicles.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 186 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Local government" means a city, county, charter county government, urban-county government, consolidated local government, or unified local government;

(b) 1. "Special purpose vehicle" means an all-terrain vehicle, utility terrain vehicle, minitruck, pneumatic-tired military vehicle, or full-size special purpose-built vehicle, including a vehicle that is self-constructed or built by the original equipment manufacturer and a vehicle that has been modified.

2. "Special purpose vehicle" does not include a low-speed vehicle as defined in KRS 186.010; and

(c) 1. "Street-legal special purpose vehicle" means a special purpose vehicle that meets the requirements of this section and is equipped with all of the following:

a. One (1) or more headlamps;

b. One (1) or more tail lamps;

c. One (1) or more brake lamps;

d. A trail lamp or other lamp constructed and placed to illuminate the registration plate with a white light;

e. One (1) or more red reflectors on the rear of the vehicle;

f. An amber electric turn system, one (1) on each side of the front of the vehicle;

g. Amber or red electric turn signals on the rear of the vehicle;

h. A braking system, other than a parking brake;

i. A horn or other warning device;

j. A working muffler;

k. Rearview mirrors on the right and left side of the driver;

l. A windshield, unless the operator of the vehicle wears eye protection while operating the vehicle;

m. A speedometer, illuminated for nighttime operation;

n. A roll bar or roll cage;

o. For multi-passenger vehicles a seatbelt assembly that conforms to the federal motor vehicle safety standard provided in 49 C.F.R. sec. 571.209 for each designated seating position; and

p. Tires that have at least two thirty-seconds (2/32) of an inch or greater tire tread.

2. "Street-legal special purpose vehicle" does not include a low-speed vehicle as defined in KRS 186.010 or a vehicle primarily used for farm or agricultural activities.

(2) A person shall not operate a street-legal special purpose vehicle on a highway if:

(a) The highway is located within the jurisdictional boundaries of a local government where the operation of special purpose vehicles has not been allowed by local ordinance;

(b) The highway is a controlled-access system, including but not limited to an interstate or parkway; or

(c) The United States Department of Agriculture prohibits special purpose vehicles where the highway is located.

(3) Nothing in this section authorizes the operation of a street-legal special purpose vehicle in an area that is not open to motor vehicle use.

(4) Street-legal special purpose vehicles are prohibited from traveling a distance greater than twenty (20) miles on a highway displaying centerline pavement markings.

(5) Minitrucks shall not be operated as street-legal special purpose vehicles on a highway that has been constructed pursuant to a federal highway program.

(6) Except as otherwise provided in this section, a street-legal special purpose vehicle shall:

(a) Be registered in accordance with Section 3 of this Act;

(b) Be insured by the owner or operator for the payment of tort liabilities in the same form and amounts as set forth in KRS 304.39-110 for motorcycles; and

(c) Comply with all other requirements in this chapter.

(7) Upon registration of any street-legal special purpose vehicle under Section 3 of this Act, the county clerk shall issue the owner a motorcycle registration plate for the vehicle.

(8) Street-legal special purpose vehicles shall have an inspection completed by a certified inspector as required by Section 5 of this Act.

(9) An applicant renewing his or her registration for a street-legal special purpose vehicle pursuant to Section 3 of this Act shall certify that the street-legal special purpose vehicle still meets all of the equipment requirements in subsection (1)(c)1. of this section.

(10) The Transportation Cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A to implement this section.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 186 IS CREATED TO READ AS FOLLOWS:

(1) The legislative body of a local government may, by ordinance, allow the operation of street-legal special purpose vehicles, as defined in Section 1 of this Act, on highways within the local government's jurisdictional boundaries.

(2) A local government may adopt more stringent local ordinances governing street-legal special purpose vehicle safety equipment and operation than specified in Section 1 of this Act.

➔Section 3. KRS 186.020 is amended to read as follows:

(1) Before the owner of a motor vehicle***, or street-legal special purpose vehicle as defined in Section 1 of this Act,*** may operate it or permit its operation upon a highway, the owner shall apply for registration in accordance with administrative regulations promulgated by the cabinet, except that a person who purchases a motor vehicle, or brings a motor vehicle into the Commonwealth from another state shall make application for registration within fifteen (15) days. The bill of sale or assigned title must be in the motor vehicle during this fifteen (15) day period. If the owner of a motor vehicle is an individual and resides in the Commonwealth, the motor vehicle shall be registered with the county clerk of the county in which he or she resides. If the owner of a motor vehicle does not reside in the Commonwealth, the motor vehicle shall be registered with the county clerk of the county in which the motor vehicle is principally operated. If the owner of a motor vehicle is other than an individual and resides in the Commonwealth, the motor vehicle shall be registered with the county clerk of either county. The application when presented to the county clerk for registration shall be accompanied by:

(a) A bill of sale and a manufacturer's certificate of origin if the application is for the registration of a new motor vehicle;

(b) The owner's registration receipt, if the motor vehicle was last registered in this state;

(c) A bill of sale and the previous registration receipt, if last registered in another state where the law of that state does not require the owner of a motor vehicle to obtain a certificate of title or ownership;

(d) A certificate of title, if last registered in another state where the law of that state requires the owner of a motor vehicle to obtain a certificate of title or ownership;

(e) An affidavit from an officer of a local government saying that the motor vehicle has been abandoned and that the provisions of KRS 82.630 have been complied with, for local governments which elect to use the provisions of KRS 82.600 to 82.640;~~[and]~~

(f) The application from a person who has brought a motor vehicle into the Commonwealth from another state shall be accompanied by proof that the motor vehicle is insured in compliance with KRS 304.39-080***; and***

(g) Proof of insurance in compliance with Section 1 of this Act if the application is for the registration of a street-legal special purpose vehicle.

(2) After that, except as provided in subsection (6) of this section, the owner of any motor vehicle registered under KRS 186.050(1) or (2) shall register his or her motor vehicle on or before the date on which his or her certificate of registration expires. If, before operating the motor vehicle in this state, the owner registers it at some later date and pays the fee for the full year, he or she will be deemed to have complied with the law. Insofar as the owner is concerned, registration with the clerk shall be deemed to be registration with the cabinet.

(3) After that, the owner of any commercial vehicle registered under KRS 186.050(3) to (14) shall register the commercial vehicle on or before April 1 of each year. If, before operating a commercial vehicle in this state, the owner registers it at some later date and pays the required fee, he or she will be deemed to have complied with the law. Insofar as the owner is concerned, registration with the clerk shall be deemed to be registration with the cabinet, except the owner of any commercial motor vehicle to be registered pursuant to the International Registration Plan under KRS 186.050(13) shall register the commercial motor vehicles on or before the last day of the month of registration established pursuant to KRS 186.051(3).

(4) The application and documents presented therewith, including the sheriff's certificate of inspection, shall be affixed to the Transportation Cabinet copy of the certificate of title or registration and sent to the Transportation Cabinet by the clerk.

(5) At least forty-five (45) days prior to the expiration of registration of any motor vehicle previously registered in the Commonwealth as provided by KRS 186A.035, the owner of the vehicle shall be notified by mail on the same notice required by KRS 134.805(5) of the date of expiration. In addition, the department shall provide appropriate forms and information to permit renewal of motor vehicle registration to be completed by mail. Any registration renewal by mail shall require payment of an additional two dollar ($2) fee which shall be received by the county clerk. Nonreceipt of the notice herein shall not constitute a defense to any registration related offense.

(6) (a) If an individual has been serving in the United States military stationed or assigned to a base or other location outside the boundaries of the United States, he or she shall renew the registration on the vehicle within thirty (30) days of his or her return if:

1. The motor vehicle has been stored on a military base during the time of deployment and has not been operated on the public highways during that time; and

2. The vehicle's registration expired during the individual's absence.

(b) An individual who meets the criteria in paragraph (a) of this subsection shall not be convicted or cited for driving a vehicle with expired registration within thirty (30) days after the individual's return to the Commonwealth if the individual can provide proof of meeting the eligibility criteria under paragraph (a) of this subsection.

(c) When an individual presents evidence of meeting the criteria under paragraph (a) of this subsection when applying to renew the registration on the motor vehicle, the county clerk shall, when applicable, treat the registration as a prorated renewal under KRS 186.051, and charge the individual a registration fee only for the number of months of the registration year the vehicle will be used on the public highways.

(7) The provisions of this section shall not apply to vehicles for which permanent registration has been obtained pursuant to KRS 186A.127.

➔Section 4. KRS 186.050 is amended to read as follows:

(1) The annual registration fee shall be eleven dollars and fifty cents ($11.50) for:

(a) Motor vehicles, including pickup trucks and passenger vans; and

(b) Motor carrier vehicles, as defined in KRS 281.010, primarily designed for carrying passengers or passengers for hire and having been designed or constructed to transport not more than fifteen (15) passengers, including the operator.

(2) ***(a)*** Except as provided in KRS 186.041 and 186.162, the annual registration fee for each motorcycle shall be nine dollars ($9)**.**

(b) The annual registration fee for a street-legal special purpose vehicle shall be ten dollars ($10).

(3) (a) All motor vehicles having a declared gross weight of vehicle and any towed unit of more than ten thousand (10,000) pounds are classified as commercial vehicles and the annual registration fee shall be as set forth in paragraph (b) of this subsection.

(b) The registration fee for all motor vehicles engaged in hauling passengers for hire which are designed or constructed to transport more than fifteen (15) passengers including the operator shall be one hundred dollars ($100). The registration fee for all other commercial vehicles, except as provided in subsections (4) to (10) and (13) of this section, shall be as follows:

Declared Gross Weight of Vehicle and Any Towed Unit	Registration Fee
10,001-14,000	30.00
14,001-18,000	50.00
18,001-22,000	132.00
22,001-26,000	160.00
26,001-32,000	216.00
32,001-38,000	300.00
38,001-44,000	474.00
44,001-55,000	699.00
55,001-62,000	1,037.00
62,001-73,280	1,280.00
73,281-80,000	1,440.00

(4) (a) 1. Any farmer owning a truck having a gross weight of twenty-six thousand (26,000) pounds or less may have it registered as a farmer's truck and obtain a license for eleven dollars and fifty cents ($11.50). The applicant's signature upon the certificate of registration and ownership shall constitute a certificate that the applicant is a farmer engaged in the production of crops, livestock, or dairy products, that the applicant owns a truck of the gross weight of twenty-six thousand (26,000) pounds or less, and that during the next twelve (12) months the truck shall not be used in for-hire transportation and may be used in transporting persons, food, provender, feed, machinery, livestock, material, and supplies necessary for the applicant's farming operation, and the products grown on the applicant's farm.

2. Any farmer owning a truck having a gross weight of twenty-six thousand one (26,001) pounds to thirty-eight thousand (38,000) pounds may have it registered as a farmer's truck and obtain a license for eleven dollars and fifty cents ($11.50). The applicant's signature upon the certificate of registration and ownership shall constitute a certificate that the applicant is a farmer engaged in the production of crops, livestock, or dairy products, that the applicant owns a truck of the gross weight between twenty-six thousand one (26,001) pounds and thirty-eight thousand (38,000) pounds, and that during the next twelve (12) months the truck shall not be used in for-hire transportation and may be used in transporting persons, food, provender, feed, machinery, livestock, material, and supplies necessary for the applicant's farming operation and the products grown on the applicant's farm.

(b) Any farmer owning a truck having a declared gross weight in excess of thirty-eight thousand (38,000) pounds shall not be required to pay the fee set out in subsection (3) of this section and, in lieu thereof, shall pay forty percent (40%) of the fee set out in subsection (3) of this section and shall be exempt from any fee charged under the provisions of KRS 281.752. The applicant's signature upon the registration receipt shall be considered to be a certification that the applicant is a farmer engaged solely in the production of crops, livestock, or dairy products, and that during the current registration year the truck will be used only in transporting persons, food, provender, feed, and machinery used in operating the applicant's farm and the products grown on the applicant's farm.

(c) An initial applicant for, or an applicant renewing, his or her registration pursuant to this subsection, may at the time of application make a voluntary contribution to be deposited into the agricultural program trust fund established in KRS 246.247. The recommended voluntary contribution shall be set at ten dollars ($10) and automatically added to the cost of registration or renewal unless the individual registering or renewing the vehicle opts out of contributing the recommended amount. The county clerk shall collect and forward the voluntary contribution to the cabinet for distribution to the Department of Agriculture.

(5) Any person owning a bus used solely in transporting school children and school employees may have the bus registered as a school bus and obtain a license for eleven dollars and fifty cents ($11.50) by filing with the county clerk, in addition to other information required, an affidavit stating that the bus is used solely in the transportation of school children and persons employed in the schools of the district, that the words "School Bus" are printed on each side of the bus and on the rear door in letters at least six (6) inches high, and of a conspicuous color, and the bus will be used during the next twelve (12) months only for the purpose stated.

(6) Any church or religious organization owning a bus used solely in transporting persons to and from a place of worship or for other religious work may have the bus registered as a church bus and obtain a license for eleven dollars and fifty cents ($11.50) by filing with the county clerk, in addition to other information required, an affidavit stating that the bus will be used only for the transporting of persons to and from a place of worship, or for other religious work, and that there has been printed on the bus in large letters the words "Church Bus," with the name of the church or religious organization owning and using the or bus, and that during the next twelve (12) months the bus will be used only for the purpose stated.

(7) Any person owning a motor vehicle with a gross weight of fourteen thousand (14,000) pounds or less on which a wrecker crane or other equipment suitable for wrecker service has been permanently mounted may register the vehicle and obtain a license for eleven dollars and fifty cents ($11.50) by filing with the county clerk, in addition to other information required, an affidavit that a wrecker crane or other equipment suitable for wrecker service has been permanently mounted on the vehicle and that during the next twelve (12) months the vehicle will be used only in wrecker service. If the gross weight of the vehicle exceeds fourteen thousand (14,000) pounds, the vehicle shall be registered in accordance with subsection (3) of this section. The gross weight of a vehicle used in wrecker service shall not include the weight of the vehicle being towed by the wrecker.

(8) Motor vehicles having a declared gross weight in excess of eighteen thousand (18,000) pounds, which when operated in this state are used exclusively for the transportation of property within the limits of the city named in the affidavit hereinafter required to be filed, or within ten (10) miles of the city limits of the city if it is a city with a population equal to or greater than three thousand (3,000) based upon the most recent federal decennial census, or within five (5) miles of its limits if it is a city with a population of less than three thousand (3,000) based upon the most recent federal decennial census, or anywhere within a county containing an urban-county government, shall not be required to pay the fee as set out in subsection (3) of this section, and in lieu thereof shall pay seventy-five percent (75%) of the fee set forth in subsection (3) of this section and shall be exempt from any fee charged under the provisions of KRS 281.752. Nothing in this section shall be construed to limit any right of nonresidents to exemption from registration under any other provisions of the laws granting reciprocity to nonresidents. Operations outside of this state shall not be considered in determining whether or not the foregoing mileage limitations have been observed. When claiming the right to the reduced fee, the applicant's signature on the certificate of registration and ownership shall constitute a certification or affidavit stating that the motor vehicle when used within this state is used only for the transportation of property within the city to be named in the affidavit and the area above set out and that the vehicle will not be used outside of a city and the area above set out during the current registration period.

(9) Motor vehicles having a declared gross weight in excess of eighteen thousand (18,000) pounds, which are used exclusively for the transportation of primary forest products from the harvest area to a mill or other processing facility, where the mill or processing facility is located at a point not more than fifty (50) air miles from the

harvest area or which are used exclusively for the transportation of concrete blocks or ready-mixed concrete from the point at which the concrete blocks or ready-mixed concrete is produced to a construction site where the concrete blocks or ready-mixed concrete is to be used, where the construction site is located at a point not more than thirty (30) air miles from the point at which the concrete blocks or ready-mixed concrete is produced shall not be required to pay the fee as set out in subsection (3) of this section, and in lieu thereof, shall pay seventy-five percent (75%) of the fee set out in subsection (3) of this section and shall be exempt from any fee charged under the provisions of KRS 281.752. The applicant's signature upon the certificate of registration and ownership shall constitute a certification that the motor vehicle will not be used during the current registration period in any manner other than that for which the reduced fee is provided in this section.

(10) Any owner of a commercial vehicle registered for a declared gross weight in excess of eighteen thousand (18,000) pounds, intending to transfer same and desiring to take advantage of the refund provisions of KRS 186.056(2), may reregister the vehicle and obtain a "For Sale" certificate of registration and ownership for one dollar ($1). Title to a vehicle so registered may be transferred, but the registration shall not authorize the operation or use of the vehicle on any public highway. No refund may be made under the provisions of KRS 186.056(2) until the title to the vehicle has been transferred to the purchaser thereof. Provided, however, that nothing herein shall be so construed as to prevent the seller of a commercial vehicle from transferring the registration of the vehicle to any purchaser thereof.

(11) The annual registration fee for self-propelled vehicles containing sleeping or eating facilities shall be twenty dollars ($20) and the multiyear license plate issued shall be designated "Recreational vehicle." The foregoing shall not include any motor vehicle primarily designed for commercial or farm use having temporarily attached thereto any sleeping or eating facilities, or any commercial vehicle having sleeping facilities.

(12) The registration fee on any vehicle registered under this section shall be increased fifty percent (50%) when the vehicle is not equipped wholly with pneumatic tires.

(13) (a) The Department of Vehicle Regulation is authorized to negotiate and execute an agreement or agreements for the purpose of developing and instituting proportional registration of motor vehicles engaged in interstate commerce, or in a combination of interstate and intrastate commerce, and operating into, through, or within the Commonwealth of Kentucky. The agreement or agreements may be made on a basis commensurate with, and determined by, the miles traveled on, and use made of, the highways of this Commonwealth as compared with the miles traveled on and use made of highways of other states, or upon any other equitable basis of proportional registration. Notwithstanding the provisions of KRS 186.020, the cabinet shall promulgate administrative regulations concerning the registration of motor vehicles under any agreement or agreements made under this section and shall provide for direct issuance by it of evidence of payment of any registration fee required under the agreement or agreements. Any proportional registration fee required to be collected under any proportional registration agreement or agreements shall be in accordance with the taxes established in this section.

(b) Any owner of a commercial vehicle who is required to title his or her motor vehicle under this section shall first title the vehicle with the county clerk pursuant to KRS 186.020 for a state fee of one dollar ($1). Title to the vehicle may be transferred; however title without proper registration shall not authorize the operation or use of the vehicle on any public highway. Any commercial vehicle properly titled in Kentucky may also be registered in Kentucky, and, upon payment of the required fees, the department may issue an apportioned registration plate to the commercial vehicle.

(c) Any commercial vehicle that is properly titled in a foreign jurisdiction, which vehicle is subject to apportioned registration, as provided in paragraph (a) of this subsection, may be registered in Kentucky, and, upon proof of proper title and payment of the required fees, the department may issue an apportioned registration plate to the commercial vehicle. The department shall promulgate administrative regulations in accordance with this section.

(14) Any person seeking to obtain a special license plate for an automobile that has been provided to the applicant pursuant to an occupation shall meet both of the following requirements:

(a) The automobile shall be provided for the full-time exclusive use of the applicant; and

(b) The applicant shall obtain permission in writing from the vehicle owner or lessee on a form provided by the cabinet to use the vehicle and for the vehicle to bear the special license plate.

(15) An applicant for any motor vehicle registration issued pursuant to this section shall have the opportunity to make a donation of two dollars ($2) to promote a hunger relief program through specific wildlife management

and conservation efforts by the Department of Fish and Wildlife Resources in accordance with KRS 150.015. If an applicant elects to make a contribution under this subsection, the two dollar ($2) donation shall be added to the regular fee for any motor vehicle registration issued pursuant to this section. One (1) donation may be made per issuance of each registration. The fee shall be paid to the county clerk and shall be transmitted by the State Treasurer to the Department of Fish and Wildlife Resources to be used exclusively for the purpose of wildlife management and conservation activities in support of hunger relief. The county clerk may retain up to five percent (5%) of the fees collected under this subsection for administrative costs associated with the collection of this donation. Any donation requested under this subsection shall be voluntary and may be refused by the applicant at the time of issuance or renewal of a license plate.

(16) In addition to the fees outlined in this section, the county clerk shall collect from the registrants of electric vehicles and electric motorcycles the electric vehicle ownership fees imposed in KRS 138.475. The county clerk may retain one dollar ($1) of the fee collected under this subsection.

➔Section 5. KRS 186A.115 is amended to read as follows:

(1) (a) Except as otherwise provided in this section, the owner of every vehicle brought into this state and required to be titled in this state shall, before submitting his or her application for title to the county clerk, have the vehicle together with his or her application for title and its supporting documents inspected by a certified inspector in the county in which the application for title is to be submitted to the county clerk.

(b) An owner of a military surplus vehicle seeking title in this state shall, before submitting his or her application for title to the county clerk, have the vehicle together with his or her application for title and its supporting documents inspected by a certified inspector in the county in which the application for title is to be submitted to the county clerk.

(c) An owner of a street-legal special purpose vehicle, as defined in Section 1 of this Act, seeking to register under Section 3 of this Act shall, before submitting his or her application for title to the county clerk, have the special purpose vehicle inspected by a certified inspector. There shall be a twenty-five dollar ($25) fee for the certification of a special purpose vehicle, payable to the sheriff's office.

(2) For inspections under this section:

(a) The certified inspector shall be certified through the Department of Vehicle Regulation following requirements set forth by the department by regulation and shall be designated by the county sheriff if the inspector is a current member of his or her office or a special inspector appointed pursuant to KRS 70.030. The certified inspector will be held responsible for all certifications required pursuant to this chapter and will be liable for any and all penalties prescribed in this chapter, and shall be available during regular office hours at any and all offices and branches that issue applications for titles;

(b) There shall be a fee for this certification, payable to the sheriff's office, and the fee shall be retained by the sheriff's office for official expenses of the office upon completion of certification, in the amount of:

1. Thirty dollars ($30) for a motor vehicle dealer that qualifies to have an employee appointed as a special inspector under paragraph (d) of this subsection;

2. Fifteen dollars ($15) for a motor vehicle dealer that does not qualify to have an employee appointed as a special inspector under paragraph (d) of this subsection; or

3. Fifteen dollars ($15) for an individual person;

(c) There shall be an additional fee of twenty dollars ($20) per trip when it becomes necessary for the certified inspector to travel to the site of the vehicle rather than bringing the vehicle to the sheriff's inspection area;

(d) A sheriff may appoint up to two (2) employees of a motor vehicle dealer that is licensed under KRS Chapter 190 and doing business in the sheriff's county as special inspectors if the motor vehicle dealer is:

1. A new motor vehicle dealer; or

2. A used motor vehicle dealer that has sold an average of one hundred (100) or more motor vehicles per month in the preceding twelve (12) months;

(e) A special inspector appointed under paragraph (d) of this subsection is only authorized to perform motor vehicle inspections and complete certified inspection forms under this section for vehicles purchased by that dealership for resale and shall have his or her special inspector status revoked if he or she is no longer an active employee of that dealership; and

(f) An inspection conducted in one (1) county within the Commonwealth of Kentucky under this subsection, and the fees paid for that inspection under this subsection, shall be honored by the certified inspector, sheriff, and county clerk in all other counties within this state. A second inspection shall not be required and additional fees shall not be required.

(3) The Transportation Cabinet may require that modifications be made to a military surplus vehicle. Any modifications required by the cabinet under this section shall be made to the military surplus vehicle prior to its inspection.

(4) The Transportation Cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A to implement the provisions of subsections (1)(b) and (3) of this section, including but not limited to vehicle modification requirements and the creation of a separate electronic inspection form. The Transportation Cabinet shall note that military vehicles were originally manufactured under the federally mandated requirements set forth in 49 C.F.R. sec. 571.7 and shall only require these vehicles to meet applicable federal motor vehicle safety standards.

(5) The following vehicles are excluded from the requirement of inspection by a certified inspector prior to titling in this state:

(a) New motor vehicles sold by a dealer licensed in this state;

(b) Vehicles required to be registered in this state by reason of lack of a reciprocity agreement with another state and for which a nonnegotiable registration document is to be issued;

(c) Motor vehicles operated by a motor carrier under a nonnegotiable certificate or permit issued by the Department of Vehicle Regulation;

(d) Motor vehicles owned by servicemen or servicewomen who are residents of Kentucky stationed outside of Kentucky may be inspected by the post provost or similar officer of the camp, post, or station. The post provost or similar officer shall submit an affidavit stating the name of the owner, the identification or serial number, the make, body style, current license or title number, if any, and state in which currently registered or titled, if any, of the motor vehicle;

(e) Motor vehicles purchased in another state by persons who are residents of Kentucky but are temporarily residing out of state for at least thirty (30) days, but not longer than nine (9) months, may after the purchase of the vehicle be inspected by the state police, a local law enforcement agency, or the vehicle inspection program of another state. If an inspector in another state examines a vehicle under this paragraph, the purchaser may request the inspector to complete an affidavit stating the name of the owner, the vehicle identification number, the vehicle make and body style, the current state of registration, if any, and the current vehicle license or title number, if any. The Transportation Cabinet shall create an affidavit form containing at a minimum this information and shall post the form on the cabinet's internet website. A person using an inspector in another state under this paragraph shall comply with all requirements of that state's inspection program, including payment of fees charged in that state. A person registering a motor vehicle for the first time in Kentucky under this paragraph shall transmit the application for registration, all supporting documentation, and payment for registration and usage tax to the county clerk of the county in which the person resides, and upon receipt of the appropriate documentation, the county clerk shall register the vehicle; and

(f) Motor vehicles no longer located in Kentucky but which require inspection in order to issue a corrected Kentucky title due to error in vehicle identification or serial number may be inspected by an inspector authorized to inspect vehicle identification or serial number by the laws of the state or foreign country where application for a new title has been submitted.

(6) When presented to a certified inspector for inspection and to a county clerk for processing, the owner's application for a first certificate of registration or title in his or her name shall be accompanied by a current operator's license and one (1) of the following documents as applicable:

(a) If the vehicle is a new vehicle not previously registered in this state, the properly assigned manufacturer's statement of origin for the vehicle for which registration or title is sought;

(b) If the vehicle was last registered in this state, and is a vehicle for which a title is not required in this state, a certificate of registration, or if the vehicle is one for which a certificate of title is required in this state, a properly assigned certificate of title;

(c) If the vehicle was last previously titled in another state, a properly assigned certificate of title;

(d) If the application refers to a vehicle previously registered in another country, the documents of that country establishing ownership of the vehicle;

(e) If the application refers to a vehicle last previously registered in another country by a person on active duty in the Armed Forces of the United States, the county clerk may accept on behalf of the Department of Vehicle Regulation evidence of ownership provided the applicant by the United States Department of Defense; and

(f) Except as provided in KRS 186A.072(2)(c) governing custom-built motorcycles, if the application relates to a vehicle which has been specially constructed or reconstructed, that fact shall be stated in the application, and the application shall be accompanied by the documents specified by administrative regulations of the Department of Vehicle Regulation.

(7) When requested to inspect a vehicle pursuant to this section, the certified inspector shall personally and physically inspect the vehicle, when registration or title is sought in this state, on the following points:

(a) He or she shall compare the vehicle identification number as appearing on both the vehicle identification number plate, and the federal safety standards label of the vehicle which is sought to be registered or titled, with the corresponding number inscribed on the application, and its supporting documentation, and ensure that the vehicle identification number appearing at each described location appears legitimate and that they are consistent with each other;

(b) He or she shall examine the primary odometer of the vehicle and electronically record the reading in the space provided in the inspection section of the application;

(c) After exercising due diligence in inspecting the vehicle and its supporting documentation, and finding that they appear to be in order, the certified inspector shall execute the electronic certificate of inspection according to its terms by electronically inputting in the spaces provided his or her first name, middle initial, and last name, certified inspector number, his or her title; the name of the county in which he or she serves; and the telephone number including the telephone area code of his or her agency, and enter the month, day, and year in which his or her inspection was made, certifying under penalty of forgery in the second degree the character, accuracy, and date of his or her inspection; and

(d) A certified inspector number shall not be subject to an open records request under KRS 61.870 to 61.884 unless otherwise required by a court order.

(8) The certified inspector shall refrain from executing the certificate of inspection if:

(a) He or she has not personally and physically inspected the vehicle in accordance with this section;

(b) He or she has reason to believe that the vehicle displays an unlawfully altered vehicle identification number;

(c) The application and any of its copies are illegible or otherwise improperly executed, or contain information reasonably believed to be inaccurate or fraudulent;

(d) The documentation required in support of any application is not present, or not consistent with the vehicle and the owner's application or appears fraudulent; or

(e) He or she has probable cause to believe the vehicle is stolen.

(9) (a) Inspections on motor vehicles that meet the definition of a "historic vehicle" under KRS 186.043(2) and are brought into this state shall be limited to verification of the vehicle identification number with supporting documentation for purposes of titling.

(b) Inspections on motor vehicles that meet the definition of a classic motor vehicle project as set forth in KRS 186A.510 shall be limited to verification of the vehicle identification number with supporting documentation for purposes of issuing a classic motor vehicle project certificate of title under KRS 186A.535(1).

(10) The electronic certificate of inspection shall not be handled by any person or persons other than those designated individuals within the offices of the sheriff, county clerk, or other state office.

(11) The Transportation Cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A to implement the provisions of this section, including but not limited to special inspectors classified as dealer inspectors only and the creation of an electronic certified vehicle inspection form and receipt.

Became law without Governor's signature March 26, 2025.

CHAPTER 90

(HB 208)

AN ACT relating to technology in public schools.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 158.165 is amended to read as follows:

(1) ***(a)*** The board of education of each school district shall ***adopt***~~[develop]~~ a policy regarding the possession and use of a personal telecommunications device by a student while on school property or while attending a school-sponsored or school-related activity on or off school property, and shall include the policy in the district's written standards of student conduct.

(b) The policy shall, at a minimum, prohibit a student's use of a personal telecommunications device during instructional time, except during an emergency, if directed to do so by a teacher for an instructional purpose, or if authorized by a teacher.

(c) A student who violates the policy shall be subject to discipline as provided by board policy.

(2) ***As used*** in this section, "personal telecommunications device"***:***

(a) Means a device that emits an audible signal, vibrates, displays a message, or otherwise summons or delivers a communication to the possessor, including~~[,]~~ but not limited to~~[,]~~ a paging device and a cellular telephone***; and***

(b) Does not include any device a student is authorized to use pursuant to the Individuals with Disabilities Education Act, 20 U.S.C. sec. 1400 et seq., the Americans with Disabilities Act, 42 U.S.C. sec. 12101 et seq., or the Rehabilitation Act of 1973, 29 U.S.C. sec. 701 et seq., or successor acts.

➔Section 2. KRS 156.675 is amended to read as follows:

(1) The Kentucky Board of Education shall promulgate administrative regulations to prevent ***social media and*** sexually explicit material from being transmitted via any video or computer system, software or hardware product, or Internet service managed or provided to local schools or school districts.

(2) Each local school district and school shall utilize the latest available filtering technology to ensure that ***social media and*** sexually explicit material is not made available to students.

(3) The Kentucky Department of Education shall make available to school districts and schools upon request and without cost, state-of-the-art software products that enable local districts and schools to prevent access to ***social media and*** sexually explicit material. The department shall also notify all school districts and schools of the availability of the software. Any product provided or obtained by a district or school shall meet the requirements of subsection (2) of this section.

(4) Each local school district shall establish a policy regarding student internet access that shall include~~[,]~~ but not be limited to~~[,]~~ parental consent for student internet use, teacher supervision of student computer use, and auditing procedures to determine whether education technology is being used for the purpose of accessing ***social media or*** sexually explicit or other objectionable material.

(5) The provisions of subsections (1) to (4) of this section shall only apply to social media that a student is not authorized by a teacher to access for an instructional purpose.

Signed by Governor March 26, 2025.

CHAPTER 91

(SB 1)

AN ACT relating to the film industry.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER 154 IS CREATED TO READ AS FOLLOWS:

(1) There is created the Kentucky Film Office, which shall be attached to the Cabinet for Economic Development for administrative purposes only. The office shall be headed by an executive director selected and compensated as provided in subsection (2)(e) of Section 2 of this Act. The executive director shall have the authority to hire staff, including a marketing and development director, contract for services, expend funds, and operate the normal business activities of the council.

(2) The duties of the Kentucky Film Office shall include but not be limited to:

(a) Coordinating with local and regional film offices or local tourism commissions on issues impacting the film industry in Kentucky, including streamlining local permitting processes;

(b) Marketing Kentucky as a location for film production;

(c) Providing assistance to production companies for compliance with Subchapter 61 of KRS Chapter 154;

(d) Assisting film studios and workforce training programs to increase the film production workforce;

(e) Coordinating with the Kentucky Film Leadership Council established in Section 2 of this Act to develop marketing strategies to promote and grow the film production industry in Kentucky;

(f) Creating a Kentucky Film Office website and a one-stop portal to provide information to film producers regarding studios, local and regional commissions, personnel, filming locations, permitting, and other matters relevant to the film industry; and

(g) Adopting the recommendations of the council created pursuant to Section 2 of this Act and promulgating regulations in accordance with KRS Chapter 13A necessary to conduct the operations of the office.

(3) The office shall receive and retain all tax incentive application fees collected pursuant to Section 7 of this Act. The nonrefundable application fee that's currently payable to the office upon submission of a tax incentive application shall be determined by the total amount of qualifying expenditures and qualifying payroll expenditures, as defined in Section 5 of this Act. If the total is:

(a) Less than fifty thousand dollars ($50,000), the application fee shall be two hundred fifty dollars ($250);

(b) Between fifty thousand dollars ($50,000) and one hundred thousand dollars ($100,000), the application fee shall be five hundred dollars ($500); or

(c) More than one hundred thousand dollars ($100,000), the application fee shall be one thousand dollars ($1,000).

(4) The office may accept contributions, grants, and other property of value to hold and apply to projects for which the office is created. Any funds not expended at the close of a fiscal year shall not lapse but shall be carried forward into the next fiscal year. Notwithstanding KRS 142.406, for the period beginning July 1, 2025, and ending June 30, 2027, two and one-half percent (2.5%) of the transient room tax collected pursuant to KRS 142.400, up to the maximum amount of five hundred thousand dollars ($500,000) shall be transferred to the office and dedicated to staff and operational costs.

➔SECTION 2. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER 154 IS CREATED TO READ AS FOLLOWS:

(1) There is hereby established the Kentucky Film Leadership Council. The council shall be administratively attached to the Kentucky Film Office established in Section 1 of this Act.

(2) The functions and purposes of the council shall be to:

(a) Review all applications for tax incentives under Section 4 of this Act and Subchapter 61 of KRS Chapter 154 to determine eligibility within twenty (20) days of receipt and forward each eligible

application to the cabinet for an economic analysis of the project. Notwithstanding Section 6 of this Act, if the analysis supports the project, the application and all related documents shall be submitted back to the council to make the final decision at a meeting held at the call of the chair regarding whether to authorize a tax incentive agreement. The cabinet shall be responsible for negotiating, preparing, and executing tax incentive agreements under this section;

(b) Recommend policies and standards for the Kentucky Film Office created in Section 1 of this Act;

(c) Develop comprehensive film industry strategies in partnership with the Cabinet for Economic Development, the Tourism, Arts and Heritage Cabinet, and the Education and Labor Cabinet;

(d) Partner with local and regional film offices, production studios, and relevant workforce training programs in Kentucky; and

(e) Conduct a nationwide search for the executive director of the Kentucky Film Office and make decisions regarding hiring and compensation. The salary of the executive director of the Kentucky Film Office shall not exceed two hundred twenty-five thousand dollars ($225,000) and shall be exempt from KRS 64.640.

(3) (a) The council shall consist of the following seven (7) voting members:

1. The secretary of the Cabinet for Economic Development or his or her designee;

2. The secretary of the Tourism, Arts and Heritage Cabinet or his or her designee;

3. The secretary of the Education and Labor Cabinet or his or her designee; and

4. Four (4) members who shall be appointed by the Governor as follows:

a. Two (2) representatives from Kentucky film production companies;

b. One (1) representative from a film profession, including but not limited to producers, actors, production accountants with film industry experience, or film financiers; and

c. One (1) representative who is the head of a local or regional film commission.

(b) All members appointed by the Governor under paragraph (a)4. of this subsection shall have knowledge of or experience in the Kentucky film industry. After the expiration of their initial terms, the appointed members shall serve a term of four (4) years and until a successor is appointed and qualified in accordance with paragraph (a)4. of this subsection. Any vacancy that occurs shall be filled for the unexpired term in the same manner as the original appointment. All members appointed by the Governor shall be subject to confirmation by the Senate as provided in KRS 11.160.

(c) A majority of the members shall appoint the chair from among the members of the council.

(d) Members shall serve without compensation but shall be reimbursed for necessary travel expenses.

(e) The council shall meet at the call of the chair.

(f) A quorum shall be a majority of the membership of the council.

➔Section 3. KRS 12.020 (Effective July 1, 2025) is amended to read as follows:

Departments, program cabinets and their departments, and the respective major administrative bodies that they include are enumerated in this section. It is not intended that this enumeration of administrative bodies be all-inclusive. Every authority, board, bureau, interstate compact, commission, committee, conference, council, office, or any other form of organization shall be included in or attached to the department or program cabinet in which they are included or to which they are attached by statute or statutorily authorized executive order; except in the case of the Personnel Board and where the attached department or administrative body is headed by a constitutionally elected officer, the attachment shall be solely for the purpose of dissemination of information and coordination of activities and shall not include any authority over the functions, personnel, funds, equipment, facilities, or records of the department or administrative body.

I. Cabinet for General Government - Departments headed by elected officers:

(1) The Governor.

(2) Lieutenant Governor.

(3) Department of State.

(a) Secretary of State.

(b) Board of Elections.

(c) Registry of Election Finance.

(4) Department of Law.

(a) Attorney General.

(5) Department of the Treasury.

(a) Treasurer.

(6) Department of Agriculture.

(a) Commissioner of Agriculture.

(b) Agricultural Development Board.

(c) Kentucky Agricultural Finance Corporation.

(7) Auditor of Public Accounts.

(a) Commonwealth Office of the Ombudsman.

II. Program cabinets headed by appointed officers:

(1) Justice and Public Safety Cabinet:

(a) Department of Kentucky State Police.

1. Office of Administrative Services.

a. Division of Operational Support.

b. Division of Management Services.

2. Office of Operations.

a. Division of West Troops.

b. Division of East Troops.

c. Division of Special Enforcement.

d. Division of Commercial Vehicle Enforcement.

3. Office of Technical Services.

a. Division of Forensic Sciences.

b. Division of Electronic Services.

c. Division of Records Management.

(b) Department of Criminal Justice Training.

(c) Department of Corrections.

(d) Department of Juvenile Justice.

(e) Office of the Secretary.

(f) Office of Drug Control Policy.

(g) Office of Legal Services.

(h) Office of the Kentucky State Medical Examiner.

(i) Parole Board.

(j) Kentucky State Corrections Commission.

(k) Office of Legislative and Intergovernmental Services.

(l) Office of Human Resource Management.

1. Division of Human Resource Administration.
2. Division of Employee Management.

(m) Department of Public Advocacy.

(n) Office of Communications.

1. Information Technology Services Division.

(o) Office of Financial Management Services.

1. Division of Financial Management.

(p) Grants Management Division.

(2) Energy and Environment Cabinet:

(a) Office of the Secretary.

1. Office of Legislative and Intergovernmental Affairs.
2. Office of Legal Services.
   a. Legal Division I.
   b. Legal Division II.
3. Office of Administrative Hearings.
4. Office of Communication.
5. Mine Safety Review Commission.
6. Office of Kentucky Nature Preserves.
7. Kentucky Public Service Commission.

(b) Department for Environmental Protection.

1. Office of the Commissioner.
2. Division for Air Quality.
3. Division of Water.
4. Division of Environmental Program Support.
5. Division of Waste Management.
6. Division of Enforcement.
7. Division of Compliance Assistance.

(c) Department for Natural Resources.

1. Office of the Commissioner.
2. Division of Mine Permits.
3. Division of Mine Reclamation and Enforcement.
4. Division of Abandoned Mine Lands.
5. Division of Oil and Gas.
6. Division of Mine Safety.
7. Division of Forestry.
8. Division of Conservation.
9. Office of the Reclamation Guaranty Fund.

(d) Office of Energy Policy.

1. Division of Energy Assistance.

(e) Office of Administrative Services.

1. Division of Human Resources Management.
2. Division of Financial Management.
3. Division of Information Services.

(3) Public Protection Cabinet.

(a) Office of the Secretary.

1. Office of Communications and Public Outreach.
2. Office of Legal Services.
   a. Insurance Legal Division.
   b. Alcoholic Beverage Control Legal Division.
   c. Housing, Buildings and Construction Legal Division.
   d. Financial Institutions Legal Division.
   e. Professional Licensing Legal Division.
3. Office of Administrative Hearings.
4. Office of Administrative Services.
   a. Division of Human Resources.
   b. Division of Fiscal Responsibility.

(b) Office of Claims and Appeals.

1. Board of Tax Appeals.
2. Board of Claims.
3. Crime Victims Compensation Board.

(c) Kentucky Boxing and Wrestling Commission.

(d) Department of Alcoholic Beverage Control.

1. Division of Distilled Spirits.
2. Division of Malt Beverages.
3. Division of Enforcement.

(e) Department of Financial Institutions.

1. Division of Depository Institutions.
2. Division of Non-Depository Institutions.
3. Division of Securities.

(f) Department of Housing, Buildings and Construction.

1. Division of Fire Prevention.
2. Division of Plumbing.
3. Division of Heating, Ventilation, and Air Conditioning.
4. Division of Building Code Enforcement.

(g) Department of Insurance.

1. Division of Health and Life Insurance and Managed Care.
2. Division of Property and Casualty Insurance.
3. Division of Administrative Services.

4. Division of Financial Standards and Examination.
5. Division of Licensing.
6. Division of Insurance Fraud Investigation.
7. Division of Consumer Protection.

(h) Department of Professional Licensing.
1. Real Estate Authority.
2. Division of Real Property Boards.

(4) Transportation Cabinet:
(a) Department of Highways.
1. Office of Project Development.
2. Office of Project Delivery and Preservation.
3. Office of Highway Safety.
4. Highway District Offices One through Twelve.
(b) Department of Vehicle Regulation.
(c) Department of Aviation.
(d) Department of Rural and Municipal Aid.
1. Office of Local Programs.
2. Office of Rural and Secondary Roads.
(e) Office of the Secretary.
1. Office of Public Affairs.
2. Office for Civil Rights and Small Business Development.
3. Office of Budget and Fiscal Management.
4. Office of Inspector General.
5. Secretary's Office of Safety.
(f) Office of Support Services.
(g) Office of Transportation Delivery.
(h) Office of Audits.
(i) Office of Human Resource Management.
(j) Office of Information Technology.
(k) Office of Legal Services.

(5) Cabinet for Economic Development:
(a) Office of the Secretary.
1. Office of Legal Services.
2. Department for Business and Community Development.
a. Development and Retention Division – West Kentucky.
b. Development, Retention, and Administrative Division – Central and East Kentucky.
c. Community and Workforce Development Division.
3. Department for Financial Services.

a. Kentucky Economic Development Finance Authority.

b. Finance and Personnel Division.

c. IT and Resource Management Division.

d. Compliance Division.

e. Program Administration Division.

f. Bluegrass State Skills Corporation.

g. The GRANT Commission.

4. Office of Strategy and Public Affairs.

a. Marketing and Communications Division.

b. Research and Strategy Division.

5. Office of Entrepreneurship and Innovation.

a. Commission on Small Business Innovation and Advocacy.

6. Kentucky Film Office.

a. Kentucky Film Leadership Council.

(6) Cabinet for Health and Family Services:

(a) Office of the Secretary.

1. Office of Public Affairs.

2. Office of Legal Services.

3. Office of Inspector General.

4. Office of Human Resource Management.

5. Office of Finance and Budget.

6. Office of Legislative and Regulatory Affairs.

7. Office of Administrative Services.

8. Office of Application Technology Services.

9. Office of Data Analytics.

10. Office of Medical Cannabis.

a. Division of Enforcement and Compliance.

b. Division of Licensure and Access.

(b) Department for Public Health.

(c) Department for Medicaid Services.

(d) Department for Behavioral Health, Developmental and Intellectual Disabilities.

(e) Department for Aging and Independent Living.

(f) Department for Community Based Services.

(g) Department for Family Resource Centers and Volunteer Services.

(7) Finance and Administration Cabinet:

(a) Office of the Secretary.

(b) Office of the Inspector General.

(c) Office of Legislative and Intergovernmental Affairs.

(d) Office of General Counsel.

(e) Office of the Controller.

(f) Office of Administrative Services.

(g) Office of Policy and Audit.

(h) Department for Facilities and Support Services.

(i) Department of Revenue.

(j) Commonwealth Office of Technology.

(k) State Property and Buildings Commission.

(l) Office of Equal Employment Opportunity and Contract Compliance.

(m) Kentucky Employees Retirement Systems.

(n) Commonwealth Credit Union.

(o) State Investment Commission.

(p) Kentucky Housing Corporation.

(q) Kentucky Local Correctional Facilities Construction Authority.

(r) Kentucky Turnpike Authority.

(s) Historic Properties Advisory Commission.

(t) Kentucky Higher Education Assistance Authority.

(u) Kentucky River Authority.

(v) Kentucky Teachers' Retirement System Board of Trustees.

(w) Executive Branch Ethics Commission.

(x) Office of Fleet Management.

(8) Tourism, Arts and Heritage Cabinet:

(a) Kentucky Department of Tourism.

1. Division of Tourism Services.
2. Division of Marketing and Administration.
3. Division of Communications and Promotions.

(b) Kentucky Department of Parks.

1. Division of Information Technology.
2. Division of Human Resources.
3. Division of Financial Operations.
4. Division of Purchasing.
5. Division of Facilities.
6. Division of Park Operations.
7. Division of Sales, Marketing, and Customer Service.
8. Division of Engagement.
9. Division of Food Services.
10. Division of Rangers.

(c) Department of Fish and Wildlife Resources.

1. Division of Law Enforcement.
2. Division of Administrative Services.

3. Division of Engineering, Infrastructure, and Technology.
4. Division of Fisheries.
5. Division of Information and Education.
6. Division of Wildlife.
7. Division of Marketing.

(d) Kentucky Horse Park.
1. Division of Support Services.
2. Division of Buildings and Grounds.
3. Division of Operational Services.

(e) Kentucky State Fair Board.
1. Office of Administrative and Information Technology Services.
2. Office of Human Resources and Access Control.
3. Division of Expositions.
4. Division of Kentucky Exposition Center Operations.
5. Division of Kentucky International Convention Center.
6. Division of Public Relations and Media.
7. Division of Venue Services.
8. Division of Personnel Management and Staff Development.
9. Division of Sales.
10. Division of Security and Traffic Control.
11. Division of Information Technology.
12. Division of the Louisville Arena.
13. Division of Fiscal and Contract Management.
14. Division of Access Control.

(f) Office of the Secretary.
1. Office of Finance.
2. Office of Government Relations and Administration.

(g) Office of Legal Affairs.

(h) Office of Human Resources.

(i) Office of Public Affairs and Constituent Services.

(j) Office of Arts and Cultural Heritage.

(k) Kentucky African-American Heritage Commission.

(l) Kentucky Foundation for the Arts.

(m) Kentucky Humanities Council.

(n) Kentucky Heritage Council.

(o) Kentucky Arts Council.

(p) Kentucky Historical Society.
1. Division of Museums.
2. Division of Oral History and Educational Outreach.

3. Division of Research and Publications.
4. Division of Administration.

(q) Kentucky Center for the Arts.
1. Division of Governor's School for the Arts.

(r) Kentucky Artisans Center at Berea.

(s) Northern Kentucky Convention Center.

(t) Eastern Kentucky Exposition Center.

(9) Personnel Cabinet:

(a) Office of the Secretary.

(b) Department of Human Resources Administration.

(c) Office of Employee Relations.

(d) Kentucky Public Employees Deferred Compensation Authority.

(e) Office of Administrative Services.

(f) Office of Legal Services.

(g) Governmental Services Center.

(h) Department of Employee Insurance.

(i) Office of Diversity, Equality, and Training.

(j) Office of Public Affairs.

(10) Education and Labor Cabinet:

(a) Office of the Secretary.
1. Office of Legal Services.
a. Workplace Standards Legal Division.
b. Workers' Claims Legal Division.
c. Workforce Development Legal Division.
2. Office of Administrative Services.
a. Division of Human Resources Management.
b. Division of Fiscal Management.
c. Division of Operations and Support Services.
3. Office of Technology Services.
a. Division of Information Technology Services.
4. Office of Policy and Audit.
5. Office of Legislative Services.
6. Office of Communications.
7. Office of the Kentucky Center for Statistics.
8. Board of the Kentucky Center for Statistics.
9. Early Childhood Advisory Council.
10. Governors' Scholars Program.
11. Governor's School for Entrepreneurs Program.
12. Foundation for Adult Education.

(b) Department of Education.
1. Kentucky Board of Education.
2. Kentucky Technical Education Personnel Board.
3. Education Professional Standards Board.

(c) Board of Directors for the Center for School Safety.

(d) Department for Libraries and Archives.

(e) Kentucky Environmental Education Council.

(f) Kentucky Educational Television.

(g) Kentucky Commission on the Deaf and Hard of Hearing.

(h) Department of Workforce Development.
1. Career Development Office.
2. Office of Vocational Rehabilitation.
a. Division of Kentucky Business Enterprise.
b. Division of the Carl D. Perkins Vocational Training Center.
c. Division of Blind Services.
d. Division of Field Services.
e. Statewide Council for Vocational Rehabilitation.
f. Employment First Council.
3. Office of Employer and Apprenticeship Services.
a. Division of Apprenticeship.
4. Kentucky Apprenticeship Council.
5. Division of Technical Assistance.
6. Office of Adult Education.
7. Office of the Kentucky Workforce Innovation Board.

(i) Department of Workplace Standards.
1. Division of Occupational Safety and Health Compliance.
2. Division of Occupational Safety and Health Education and Training.
3. Division of Wages and Hours.

(j) Office of Unemployment Insurance.

(k) Kentucky Unemployment Insurance Commission.

(l) Department of Workers' Claims.
1. Division of Workers' Compensation Funds.
2. Office of Administrative Law Judges.
3. Division of Claims Processing.
4. Division of Security and Compliance.
5. Division of Specialist and Medical Services.
6. Workers' Compensation Board.

(m) Workers' Compensation Funding Commission.

(n) Kentucky Occupational Safety and Health Standards Board.

(o) State Labor Relations Board.

(p) Employers' Mutual Insurance Authority.

(q) Kentucky Occupational Safety and Health Review Commission.

(r) Workers' Compensation Nominating Committee.

(s) Office of Educational Programs.

(t) Kentucky Workforce Innovation Board.

(u) Kentucky Commission on Proprietary Education.

(v) Kentucky Work Ready Skills Advisory Committee.

(w) Kentucky Geographic Education Board.

(x) Disability Determination Services Program.

III. Other departments headed by appointed officers:

(1) Council on Postsecondary Education.

(2) Department of Military Affairs.

(3) Department for Local Government.

(4) Kentucky Commission on Human Rights.

(5) Kentucky Commission on Women.

(6) Department of Veterans' Affairs.

(7) Kentucky Commission on Military Affairs.

(8) Office of Minority Empowerment.

(9) Governor's Council on Wellness and Physical Activity.

(10) Kentucky Communications Network Authority.

➔Section 4. KRS 141.383 is amended to read as follows:

(1) As used in this section:

(a) "Above-the-line production crew" has the same meaning as in KRS 154.61-010;

(b) "Approved company" has the same meaning as in KRS 154.61-010;

(c) ~~["Authority" has the same meaning as in KRS 154.61-010;~~

~~(d)]~~"Below-the-line production crew" has the same meaning as in KRS 154.61-010;

(d) ~~[(e)]~~ "Continuous film production" has the same meaning as in KRS 154.61-010;

(e) "Council" means the Kentucky Film Leadership Council created in Section 2 of this Act;

(f) "Loan-out entity" has the same meaning as in KRS 154.61-010;

(g) "Qualifying expenditure" has the same meaning as in KRS 154.61-010;

(h) "Qualifying payroll expenditure" has the same meaning as in KRS 154.61-010;

(i) "Secretary" has the same meaning as in KRS 154.61-010; and

(j) "Tax incentive agreement" has the same meaning as KRS 154.61-010.

(2) (a) There is hereby created a tax credit against the tax imposed under KRS 141.020 or 141.040 and 141.0401, with the ordering of credits as provided in KRS 141.0205.

(b) The incentive available under paragraph (a) of this section is:

1. A refundable credit for applications approved prior to April 27, 2018;

2. A nonrefundable and nontransferable credit for applications approved on or after April 27, 2018, but before January 1, 2022; and

3. A refundable credit for applications approved on or after January 1, 2022, if the provisions of paragraph (c) of this subsection are met.

(c) 1. The total tax incentive approved under KRS 154.61-020 shall be limited to:

a. One hundred million dollars ($100,000,000) for calendar year 2018 and each calendar year through the calendar year 2021;

b. Seventy-five million dollars ($75,000,000) for the calendar year 2022 and each calendar year thereafter; and

c. Beginning with calendar year 2024, the amount in subdivision b. of this subparagraph shall be allocated accordingly:

i. Twenty-five million dollars ($25,000,000) shall be allocated for all approved companies with a continuous film production; and

ii. On the first day of ***April*** ~~[July]~~ of each calendar year, any unused balance allocated under subpart i. of this subdivision for continuous film productions shall be made available for all approved companies with a motion picture or entertainment production.

2. To qualify for the refundable credit, all applicants shall:

a. Begin filming or production in Kentucky within six (6) months of approval by the ***council*** ~~[authority]~~; and

b. Complete filming or production in Kentucky within two (2) years of their production start date.

(3) An approved company may receive a refundable tax credit if:

(a) The department has received notification from the ***council*** ~~[authority]~~ that the approved company has satisfied all requirements of KRS 154.61-020 and 154.61-030; and

(b) The approved company has provided a detailed cost report and sufficient documentation to the ***council*** ~~[authority]~~, which has been forwarded by the ***council*** ~~[authority]~~ to the department, that:

1. The purchases of qualifying expenditures were made after the execution of the tax incentive agreement; and

2. The approved company or loan-out entity has withheld income tax as required by KRS 141.310 on all qualified payroll expenditures, and remitted and certified the withheld amount to the department.

(4) Interest shall not be allowed or paid on any refundable credits provided under this section.

(5) The department may promulgate administrative regulations under KRS Chapter 13A to administer this section.

(6) On or before September 1, 2010, and on or before each September 1 thereafter, for the immediately preceding fiscal year, the department shall report to the ***council*** ~~[authority]~~ and the Interim Joint Committee on Appropriations and Revenue the names of the approved companies and the amounts of refundable income tax credit claimed.

(7) No later than September 1, 2021, and by November 1 every four (4) years thereafter, the department and the Cabinet for Economic Development shall cooperatively provide historical data related to the tax credit allowed in this section and KRS 154.61-020 and 154.61-030, including data items beginning with tax credits claimed for taxable years beginning on or after January 1, 2018:

(a) The name of the taxpayer claiming the tax credit;

(b) The date that the application was approved and the date the filming or production was completed;

(c) The taxable year in which the taxpayer claimed the tax credit;

(d) The total amount of the tax credit, including any amount denied, any amount applied against a tax liability, any amount refunded, and any amount remaining that may be claimed on a return filed in the future;

(e) Whether the taxpayer is a Kentucky-based company as defined in KRS 154.61-010;

(f) Whether the taxpayer films or produces a:

1. Feature-length film, television program, or industrial film;

2. National touring production of a Broadway show; or

3. Documentary;

(g) Whether the filming or production was performed:

1. Entirely in an enhanced county; or

2. In whole or in part in any Kentucky county other than in an enhanced incentive county;

(h) The amount of qualifying expenditures incurred by the taxpayer;

(i) The amount of qualifying payroll expenditures paid to:

1. Resident below-the-line crew; and

2. Nonresident below-the-line production crew;

including the number of crew members in each category;

(j) The amount of qualifying payroll expenditures paid to:

1. Resident above-the-line crew; and

2. Nonresident above-the-line crew;

including the number of crew members in each category; and

(k) A brief description of the type of motion picture or entertainment production project.

(8) The information required to be reported under this section shall not be considered confidential taxpayer information and shall not be subject to KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes prohibiting disclosure or reporting of information.

➔Section 5. KRS 154.61-010 is amended to read as follows:

As used in this subchapter:

(1) "Above-the-line production crew" means employees involved with the production of a motion picture or entertainment production whose salaries are negotiated prior to commencement of production, such as actors, directors, producers, and writers;

(2) "Animated production" means a nationally distributed feature-length film created with the rapid display of a sequence of images using 2-D or 3-D graphics of artwork or model positions in order to create an illusion of movement;

(3) "Approved company" means an eligible company approved for incentives provided under KRS 141.383 and 154.61-020;

(4) ~~["Authority" means the Kentucky Economic Development Finance Authority created in KRS 154.20-010;~~

~~(5)~~]"Below-the-line production crew" means employees involved with the production of a motion picture or entertainment production except above-the-line production crew. "Below-the-line production crew" includes but is not limited to:

(a) Casting assistants;

(b) Costume design;

(c) Extras;

(d) Gaffers;

(e) Grips;

(f) Location managers;

(g) Production assistants;

(h) Set construction staff; and

(i) Set design staff;

(5) ~~[(6)]~~ "Cabinet" means the Cabinet for Economic Development;

(6) ~~[(7)]~~ "Commonwealth" means the Commonwealth of Kentucky;

(7) ~~[(8)]~~ "Compensation" means compensation included in adjusted gross income as defined in KRS 141.010;

(8) ~~[(9)]~~ "Continuous film production" means a motion picture or entertainment production that:

(a) 1. Has a projected budget of a minimum of ten million dollars ($10,000,000) per calendar year for qualifying expenditures and qualifying payroll expenditures allocated to all qualifying motion picture or entertainment productions to be filmed or produced in Kentucky, with a minimum of one million five hundred thousand dollars ($1,500,000) per production in Kentucky; and

2. Has a minimum of fifty percent (50%) of the funds available and the ability to raise the remaining funds necessary to complete the filming and production, which may be verified by:

a. Bank statements or other financial documents; or

b. A fundraising plan at the request of the ***council*** ~~[authority]~~;

(b) Demonstrates a distribution contract for each motion or entertainment production;

(c) Films and produces a minimum of twelve (12) or more days per production within the Commonwealth; and

(d) Maintains:

1. An apprenticeship program or on-the-job training program as defined in KRS 343.010; or

2. Partners with a film studies program with an accredited institution of postsecondary education located in the Commonwealth;

(9) "Council" means the Kentucky Film Leadership Council created in Section 2 of this Act;

(10) "Documentary" means a production based upon factual information and not subjective interjections;

(11) "Eligible company" means any person that intends to film or produce a motion picture or entertainment production in the Commonwealth;

(12) "Employee" has the same meaning as in KRS 141.010, and, for purposes of this subchapter, also may include the employees or independent contractors of an approved company or the employees of a loan-out entity engaged by an approved company if they meet the requirements of KRS 141.310;

(13) "Enhanced incentive county" has the same meaning as in KRS 154.32-010;

(14) "Feature-length film" means a live-action or animated production that is:

(a) More than thirty (30) minutes in length; and

(b) Produced for distribution in theaters or via digital format, including but not limited to DVD, Internet, or mobile electronic devices;

(15) "Industrial film" means a business-to-business film that may be viewed by the public, including but not limited to videos used for training or for viewing at a trade show;

(16) "Kentucky-based company" has the same meaning as in KRS 164.6011;

(17) "Loan-out entity" means a corporation, partnership, limited liability company, or other entity through which an artist or other person is loaned out to perform services for the approved company. A loan-out entity shall be registered and in good standing with the Kentucky Secretary of State. Notwithstanding the business organization, the loan-out entity and all employees of and other persons performing services for the loan-out entity shall be subject to all applicable provisions of the Kentucky personal income tax and any applicable payroll or other tax provisions;

(18) (a) "Motion picture or entertainment production" means:

1. The following if filmed in whole or in part, or produced in whole or in part, in the Commonwealth:

a. A feature-length film;

b. A television program;

c. An industrial film; or

d. A documentary; or

2. A national touring production of a Broadway show produced in Kentucky.

(b) "Motion picture or entertainment production" does not include the filming or production of obscene material or television coverage of news or athletic events;

(19) "Obscene" has the same meaning as in KRS 531.010;

(20) "Person" has the same meaning as in KRS 141.010;

(21) (a) "Qualifying expenditure" means expenditures made in the Commonwealth for the following if directly used in or for a motion picture or entertainment production:

1. The production script and synopsis;

2. Set construction and operations, wardrobe, accessories, and related services;

3. Lease or rental of real property in Kentucky as a set location;

4. Photography, sound synchronization, lighting, and related services;

5. Editing and related services;

6. Rental of facilities and equipment;

7. Vehicle leases;

8. Food; and

9. Accommodations.

(b) "Qualifying expenditure" does not include Kentucky sales and use tax paid by the approved company on the qualifying expenditure;

(22) "Qualifying payroll expenditure" means compensation paid to above-the-line crew and below-the line crew while working on a motion picture or entertainment production in the Commonwealth if the compensation is for services performed in the Commonwealth;

(23) "Resident" has the same meaning as in KRS 141.010;

(24) "Secretary" means the secretary of the Cabinet for Economic Development;

(25) "Tax incentive agreement" means the agreement entered into pursuant to KRS 154.61-030 between the ***council*** ~~[authority]~~ and the approved company; and

(26) "Television program" means any live-action or animated production or documentary, including but not limited to:

(a) An episodic series;

(b) A miniseries;

(c) A television movie; or

(d) A television pilot;

that is produced for distribution on television via broadcast, cable, or any digital format, including but not limited to cable, satellite, internet, or mobile electronic devices.

➔Section 6. KRS 154.61-020 is amended to read as follows:

(1) The purposes of KRS 141.383 and this subchapter are to encourage:

(a) The film and entertainment industry to choose locations in the Commonwealth for the filming and production of motion picture or entertainment productions;

(b) The development of a film and entertainment industry in Kentucky;

(c) Increased employment opportunities for the citizens of the Commonwealth within the film and entertainment industry; and

(d) The development of a production and postproduction infrastructure in the Commonwealth for film production and touring Broadway show production facilities containing state-of-the-art technologies.

(2) The ***council*** ~~[authority]~~, together with the Department of Revenue, shall administer the tax credit established by KRS 141.383, this section, and KRS 154.61-030.

(3) To qualify for the tax incentive provided in subsection (5) of this section, the following requirements shall be met:

(a) For an approved company that is also a Kentucky-based company that:

1. Films or produces a feature-length film, television program, or industrial film in whole or in part in the Commonwealth, the minimum combined total of qualifying expenditures and qualifying payroll expenditures shall be one hundred twenty-five thousand dollars ($125,000);

2. Produces a national touring production of a Broadway show in whole or in part in the Commonwealth, the minimum combined total of qualifying expenditures and qualifying payroll expenditures shall be twenty thousand dollars ($20,000); or

3. Films or produces a documentary in whole or in part in the Commonwealth, the minimum combined total of qualifying expenditures and qualifying payroll expenditures shall be ten thousand dollars ($10,000); and

(b) For an approved company that is not a Kentucky-based company that:

1. Films or produces a feature-length film, television program, or industrial film in whole or in part in the Commonwealth, the minimum combined total of qualifying expenditures and qualifying payroll expenditures shall be two hundred fifty thousand dollars ($250,000); or

2. Films or produces a documentary in whole or in part in the Commonwealth or that produces a national touring production of a Broadway show, the minimum combined total of qualifying expenditures and qualifying payroll expenditures shall be twenty thousand dollars ($20,000).

(4) (a) Beginning on January 1, 2022, the total tax incentive approved under KRS 141.383 and this subchapter shall be limited to seventy-five million dollars ($75,000,000) for calendar year 2022 and each calendar year thereafter; and

(b) Beginning with calendar year 2024:

1. Twenty-five million dollars ($25,000,000) shall be allocated for all approved companies with a continuous film production; and

2. On the first day of July of each calendar year, any unused balance of the amount allocated under subparagraph 1. of this paragraph for continuous film productions shall be made available for all approved companies with motion picture or entertainment productions.

(5) (a) To qualify for the tax incentive available under KRS 141.383 and this subchapter all applicants shall:

1. Begin filming or production in Kentucky within six (6) months of approval by the ***council*** ~~[authority]~~; and

2. Complete filming or production in Kentucky within two (2) years of the filming or production start date.

(b) The tax credit shall be against the Kentucky income tax imposed under KRS 141.020 or 141.040, and the limited liability entity tax imposed under KRS 141.0401, and shall be refundable as provided in KRS 141.383.

(c) 1. For a motion picture or entertainment production or continuous film production filmed or produced in its entirety in an enhanced incentive county, the amount of the incentive shall be equal to thirty-five percent (35%) of the approved company's:

a. Qualifying expenditures;

b. Qualifying payroll expenditures paid to resident and nonresident below-the-line production crew; and

c. Qualifying payroll expenditures paid to resident and nonresident above-the-line production crew not to exceed one million dollars ($1,000,000) in payroll expenditures per employee.

2. a. To the extent the approved company films or produces a motion picture or entertainment production or continuous film production in part in an enhanced incentive county and in part a Kentucky county that is not an enhanced incentive county, the approved company shall be eligible to receive the incentives provided in this paragraph for those expenditures incurred in the enhanced incentive county and all other expenditures shall be subject to the incentives provided in paragraph (d) of this subsection.

b. The approved company shall track the requisite expenditures by county. If the approved company can demonstrate to the satisfaction of the cabinet that it is not practical to use a separate accounting method to determine the expenditures by county, the approved company shall determine the correct expenditures by county using an alternative method approved by the cabinet.

(d) For a motion picture or entertainment production or continuous film production filmed or produced in whole or in part in any Kentucky county other than in an enhanced incentive county, the amount of the incentive shall be equal to:

1. Thirty percent (30%) of the approved company's:

a. Qualifying expenditures;

b. Qualifying payroll expenditures paid to below-the-line production crew that are not residents; and

c. Qualifying payroll expenditures paid to above-the-line production crew that are not residents, not to exceed one million dollars ($1,000,000) in payroll expenditures per employee; and

2. Thirty-five percent (35%) of the approved company's:

a. Qualifying payroll expenditures paid to resident below-the-line production crew; and

b. Qualifying payroll expenditures paid to resident above-the-line production crew not to exceed one million dollars ($1,000,000) in payroll expenditures per employee.

➔Section 7. KRS 154.61-030 is amended to read as follows:

(1) An eligible company shall, at least thirty (30) days prior to incurring any expenditure for which recovery will be sought, file an application for tax incentives with the ***council*** ~~[authority]~~. The application shall include:

(a) The name and address of the applicant;

(b) Verification that the applicant is a Kentucky-based company;

(c) The preliminary production script or a detailed synopsis of the script;

(d) The locations where the filming or production will occur;

(e) The anticipated date on which filming or production shall begin in Kentucky;

(f) The anticipated date on which the applicant will complete incurring expenditures in Kentucky;

(g) The total anticipated qualifying expenditures;

(h) The total anticipated qualifying payroll expenditures for resident and nonresident above-the-line crew by county;

(i) The total anticipated qualifying payroll expenditures for resident and nonresident below-the-line crew by county;

(j) The address of a Kentucky location at which records of the production will be kept;

(k) An affirmation that if not for the incentive offered under this subchapter, the eligible company would not film or produce the production in the Commonwealth; and

(l) Any other information the ***council*** ~~[authority]~~ may require.

(2) The ***council***~~[authority]~~ shall notify the eligible company within thirty (30) days after receiving the application of its status.

(3) Upon receipt of the application and any additional information submitted, the ***council***~~[authority]~~ shall consider all submitted information and, if appropriate, authorize the execution of a tax incentive agreement between the ***council***~~[authority]~~ and the approved company, if the amount of anticipated tax credit from the application would not make the total tax credit approved for the calendar year exceed the annual tax credit cap under KRS 154.61-020(4).

(4) The tax incentive agreement shall include the following provisions:

(a) The duties and responsibilities of the parties;

(b) A detailed description of the motion picture or entertainment production for which incentives are requested;

(c) The anticipated qualifying expenditures and qualifying payroll expenditures for resident and nonresident above-the-line and below-the-line crews by county;

(d) The minimum combined total of qualifying expenditures and qualifying payroll expenditures necessary for the approved company to qualify for incentives;

(e) That the approved company shall:

1. Begin filming or production in Kentucky within six (6) months of approval by the ***council***~~[authority]~~; and

2. Complete production in Kentucky within two (2) years of their production start date;

(f) That the motion picture or entertainment production shall not include obscene materials and shall not negatively impact the economy or the tourism industry of the Commonwealth;

(g) That the execution of the agreement is not a guarantee of tax incentives and that actual receipt of the incentives shall be contingent upon the approved company meeting the requirements established by the tax incentive agreement;

(h) That the approved company shall submit to the ***council***~~[authority]~~ within one hundred eighty (180) days of the completion of production in Kentucky for the motion picture or entertainment production a detailed cost report of the qualifying expenditures, qualifying payroll expenditures, and the latest version of the production script at the time of cost report submission;

(i) That the approved company shall provide the ***council***~~[authority]~~ with documentation that the approved company or the associated loan-out entity has withheld income tax as required by KRS 141.310 or the individual income tax rate imposed by KRS 141.020 on all qualified payroll expenditures for which an incentive under this subchapter is sought;

(j) That, if the ***council***~~[authority]~~ determines that the approved company has failed to comply with any of its obligations under the tax incentive agreement:

1. The ***council***~~[authority]~~ may deny the incentives available to the approved company;

2. Both the ***council***~~[authority]~~ and the Department of Revenue may pursue any remedy provided under the tax incentive agreement;

3. The ***council***~~[authority]~~ may terminate the tax incentive agreement; and

4. Both the ***council***~~[authority]~~ and the Department of Revenue may pursue any other remedy at law to which it may be entitled;

(k) That the ***council***~~[authority]~~ and the Department of Revenue shall monitor the tax incentive agreement;

(l) That the approved company shall provide to the ***council***~~[authority]~~ and the Department of Revenue all information necessary to monitor the tax incentive agreement;

(m) That the ***council***~~[authority]~~ may share information with the Department of Revenue and the Interim Joint Committee on Appropriations and Revenue or any other entity the ***council***~~[authority]~~ determines is necessary for the purposes of monitoring and enforcing the terms of the tax incentive agreement;

(n) That the motion picture or entertainment production shall contain an acknowledgment that the motion picture or entertainment production was produced or filmed in the Commonwealth of Kentucky;

(o) That the approved company shall include screen credits in its final production, indicating the approved company received tax incentives from the Commonwealth of Kentucky;

(p) Terms of default;

(q) The method and procedures by which the approved company shall request and receive the incentive provided under KRS 141.383 and 154.61-020;

(r) That the approved company may be required to pay an administrative fee as authorized under subsection (5) of this section; and

(s) Any other provisions deemed necessary or appropriate by the parties to the tax incentive agreement.

(5) The ***council*** ~~[authority]~~ may require the approved company to pay an administrative fee, the amount of which shall be established by administrative regulation promulgated in accordance with KRS Chapter 13A. The administrative fee shall not exceed one-half of one percent (0.5%) of the estimated amount of tax incentive sought or five hundred dollars ($500), whichever is greater.

(6) Prior to commencement of activity as provided in a tax incentive agreement, the tax incentive agreement shall be approved by the ***council*** ~~[authority]~~. Following approval by the ***council*** ~~[authority]~~, the tax incentive agreement shall be submitted to the Government Contract Review Committee established by KRS 45A.705 for review, as provided in KRS 45A.695, 45A.705, and 45A.725.

(7) The ***council*** ~~[authority]~~ shall notify the Department of Revenue following approval of an approved company. The notification shall include the name of the approved company, the name of the motion picture or entertainment production, the estimated amount of qualifying expenditures, the estimated date on which the approved company will complete filming or production in Kentucky, and any other information required by the department.

(8) Within one hundred eighty days (180) days of completion of production in Kentucky for the motion picture or entertainment production, the approved company shall submit to the ***council*** ~~[authority]~~ a detailed cost report of:

(a) Qualifying expenditures;

(b) Qualifying payroll expenditures for resident and nonresident above-the-line crew by county;

(c) Qualifying payroll expenditures for resident and nonresident below-the-line crew by county; and

(d) The latest version of the production script available at the time of cost report submission.

(9) (a) Cabinet staff shall review all information submitted for accuracy and shall confirm that all relevant provisions of the tax incentive agreement have been met.

(b) Upon confirmation that all requirements of the tax incentive agreement have been met, cabinet staff shall review the latest version of the production script available at the time of cost report submission, and if they determine that the motion picture or entertainment production does not:

1. Contain visual or implied scenes that are obscene; or

2. Negatively impact the economy or the tourism industry of the Commonwealth;

the ***council*** ~~[authority]~~ shall forward the detailed cost report to the Department of Revenue for calculation of the refundable credit.

(10) The Department of Revenue shall:

(a) Verify that the approved company withheld the proper amount of income tax on qualifying payroll expenditures; and

(b) Notify the ***council*** ~~[authority]~~ of the total amount of refundable credit available on qualifying expenditures and qualifying payroll expenditures.

➔Section 8. Notwithstanding subsection (3)(b) of Section 2 of this Act, the initial terms of the Kentucky Film Leadership Council members appointed by the Governor shall be staggered as follows:

(1) One representative of a Kentucky film production company shall serve a one-year term;

(2) The other representative of a Kentucky film production company shall serve a two-year term;

(3) The representative of a film profession shall serve a three-year term; and

(4) The representative who is the head of a local or regional film commission shall serve a four-year term.

➔Section 9. This Act takes effect July 1, 2025.

Signed by Governor March 26, 2025.

CHAPTER 92

(HB 298)

AN ACT relating to schools identified for comprehensive support and improvement in schools.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 160.346 is amended to read as follows:

(1) For purposes of this section:

(a) ~~["Approved turnaround vendor list" means a list of at least three (3) vendors pre-approved by the Kentucky Board of Education for the purposes of subsection (8) of this section that have documented success at providing turnaround diagnosis, training, and improved performance of organizations;~~

~~(b)~~]"Department" means the Kentucky Department of Education;

(b)~~[(c)]~~ "ESSA" means the Every Student Succeeds Act of 2015, Pub. L. No. 114-95, or its successor;

(c)~~[(d)]~~ "Level" means elementary, middle, or high school;

(d)~~[(e)]~~ "Turnaround" means a comprehensive transformation of a school to achieve accelerated, meaningful, and sustainable increases in student achievement through improved school leadership and school district support;

(e)~~[(f)]~~ "Turnaround plan" means a mandatory school plan that is designed to improve student learning and performance with evidence-based interventions as defined in ESSA and that is developed and implemented by the local school district in partnership with stakeholders, including the principal, other school leaders, teachers, and parents; and

(f)~~[(g)]~~ "Turnaround team" means the turnaround training and support team described in subsection (8)(a) of this section.

(2) (a) ~~[Beginning with the 2020-2021 school year, and annually thereafter,]~~The department shall ***annually*** identify a school for targeted support and improvement if the school has one (1) or more of the same subgroups, as defined by ESSA, whose performance in the state accountability system by level is at or below that of all students in any of the lowest-performing five percent (5%) of all schools for three (3) consecutive years.

(b) Beginning with the 2021-2022 school year, and every three (3) years thereafter, the department shall identify a school for additional targeted support and improvement if the school has one (1) or more subgroups, as defined by ESSA, whose performance in the state accountability system by level is at or below the summative performance of all students in any of the lowest-performing five percent (5%) of all schools identified under subsection (3)(a) of this section and the school was identified in the immediately preceding year for targeted support and improvement as described in paragraph (a) of this subsection.

(3) ***The department shall annually identify a school***~~[Beginning with the 2021-2022 school year, and every three (3) years thereafter, a school shall be identified by the department]~~ for comprehensive support and improvement if the school is:

(a) In the lowest-performing five percent (5%) of all schools in its level based on the school's performance in the state accountability system;

(b) A high school with a four (4) year cohort graduation rate that is less than eighty percent (80%); or

(c) Identified by the department for additional targeted support and improvement under subsection (2)(b) of this section and fails to exit additional targeted support and improvement status based on criteria established under subsection (11) of this section.

(4) (a) When a school is identified for targeted support and improvement under subsection (2)(a) of this section, the local school personnel, working with stakeholders, including the principal, other school leaders, teachers, and parents, shall revise its school improvement plan, which shall be subject to review and approval by the local board of education.

(b) Each revised plan shall be informed by all available indicators, including student performance compared to long-term goals, and shall include:

1. Components of turnaround leadership development and support;

2. Identification of critical resource inequities;

3. Evidence-based interventions; and

4. Additional actions that address the causes of consistently underperforming subgroups of students.

(c) If adequate performance progress, as defined by the department, is not made, the local school district shall take additional action to assist and support the school in reaching performance goals.

(5) When a school is identified for additional targeted support and improvement under subsection (2)(b) of this section, the local school district shall take more rigorous district-determined action to assist and support the school in reaching performance goals.

(6) (a) When a school is identified for comprehensive support and improvement, an audit shall be performed by the department to diagnose the causes of the school's low performance.

(b) The audit conducted under this subsection shall be the only comprehensive audit required for a school unless the school fails to exit comprehensive support and improvement status as described in subsection (11) of this section or exits comprehensive support and improvement status but subsequently repeats as a school identified for comprehensive support and improvement.

(7) (a) The audit conducted by the department under subsection (6) of this section shall include:

1. A diagnosis of the causes of the school's low performance, with an emphasis on underperforming subgroups of students and corresponding critical resource inequities;

2. An assessment and recommendation to the superintendent regarding the best strategies to address the school's specific needs;

3. An assessment of the interaction and relationship among the superintendent, central office personnel, and the school principal;

4. A recommendation of the steps the school may implement to launch and sustain a turnaround process;~~[and]~~

5. A recommendation to the local board of education of the turnaround principles and strategies necessary for the superintendent to assist the school with turnaround***; and***

6. An assessment and recommendation to the superintendent regarding the principal's capacity to lead the turnaround effort in the school.

(b) The report of an audit conducted under this subsection shall be provided to the superintendent, local board of education, school principal, commissioner of education, and the Kentucky Board of Education.

(8) After completion of the audit described in subsection (7) of this section, each school identified for comprehensive support and improvement shall engage in the following turnaround intervention process:

(a) ***The superintendent and principal shall collaborate with the department to create***~~[The local board of education shall select a vendor from the approved turnaround vendor list to provide]~~ a turnaround training and support team ***for***~~[to]~~ the school identified for comprehensive support and improvement. The local board of education shall ***approve the turnaround team***~~[negotiate the scope and duration of the vendor's services]~~;

(b) The authority of the school council granted under KRS 160.345 shall be transferred to the superintendent;

(c) The superintendent shall select a principal for the school if a principal vacancy occurs. The superintendent shall consult with the turnaround team, parents, certified staff, and classified staff before appointing a principal replacement;

(d) Upon recommendation of the principal, the superintendent may reassign certified staff members to a comparable position in the school district;

(e) The superintendent shall collaborate with the turnaround team to design ongoing turnaround training and support for the principal and a corresponding monitoring system of effectiveness and student achievement results;

(f) The principal shall collaborate with the turnaround team to establish an advisory leadership team representing school stakeholders including other school leaders, teachers, and parents;

(g) 1. In consultation with the department, the local school board shall collaborate with the superintendent, principal, turnaround team, and the advisory leadership team to propose a three (3) year turnaround plan.

2. The turnaround plan shall include requests to the department for exemptions from submitting documentation that are identified by the principal, advisory leadership team, and turnaround team as inhibitors to investing time in innovative instruction and accelerated student achievement of diverse learners including ongoing staff instructional plans, student interventions, formative assessment results, or staff effectiveness processes.

3. The turnaround plan shall be reviewed for approval by the superintendent and the local board of education and shall be subject to review, approval, monitoring, and periodic review by the department as described in KRS 158.782;

(h) The school district may request technical assistance from the department for development and implementation of the turnaround plan, which may include conducting needs assessments, selecting evidence-based interventions, and reviewing and addressing resource inequities;

(i) The turnaround plan shall be fully implemented by the first full day of the school year following the school year the school was identified for comprehensive support and improvement; and

(j) The superintendent shall periodically report to the local school board, and at least annually to the commissioner of education, on the implementation and results of the turnaround plan.

(9) ***The department shall establish required professional learning for teachers of students in schools identified for comprehensive support and improvement. Required professional learning shall be related to evidence-based practices in instruction, instructional materials implementation, and assessment for reading and mathematics and aligned to Kentucky academic standards required by KRS 158.6453***~~[The department shall annually disburse funds to a school district, for a maximum of three (3) years, to assist with funding the turnaround vendor costs incurred by the district under subsection (8) of this section. The Kentucky Board of Education shall promulgate administrative regulations on how the disbursement amounts shall be determined, which shall be based on the department's past practice for determining allocations for school improvement]~~.

(10) ***Each superintendent or public charter school board of directors shall adopt evidence-based curriculum and select high-quality instructional resources for schools identified for comprehensive support and improvement. High-quality instructional materials selected by the superintendent shall be determined by the department to be reliable, valid, and aligned to Kentucky academic standards required by KRS 158.6453 for reading and mathematics***~~[Beginning in 2023, the department shall submit an annual report no later than November 30 to the Interim Joint Committee on Education relating to the turnaround vendor selected by each school under subsection (8) of this section. The report shall include but not be limited to each school's accountability system performance since utilizing the services of the turnaround vendor, the cost of using the vendor, and any other information helpful in evaluating the performance of the turnaround vendor]~~.

(11) The Kentucky Board of Education shall establish annual statewide exit criteria for schools identified for targeted support and improvement, additional targeted support and improvement, and comprehensive support and improvement.

(12) If a school enters comprehensive support and improvement status and does not make any annual improvement, as determined by the department, for two (2) consecutive years, or if the school does not exit the status after

three (3) years, the school shall enter a school intervention process chosen by the commissioner of education that provides more rigorous support and action by the department to improve the school's performance.

(13) For school districts that include a significant number of schools, as determined by the department, identified for targeted support and improvement:

(a) The department shall periodically review a local board's resource allocations to support school improvement and provide technical assistance to the local school board; and

(b) The department may provide a recommended list of turnaround or school intervention providers that have demonstrated success implementing evidence-based strategies.

(14) If, in the course of a school audit, the audit team identifies information suggesting that a violation of KRS 160.345(9)(a) may have occurred, the commissioner of education shall forward the evidence to the Office of Education Accountability for investigation.

(15) A school's right to establish a council granted under KRS 160.345 may be restored by the local board of education two (2) years after the school exits comprehensive support and improvement status.

Signed by Governor March 26, 2025.

CHAPTER 93

(SB 201)

AN ACT relating to workers' compensation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 342.0011 is amended to read as follows:

As used in this chapter, unless the context otherwise requires:

(1) "Injury" means any work-related traumatic event or series of traumatic events, including cumulative trauma, arising out of and in the course of employment which is the proximate cause producing a harmful change in the human organism evidenced by objective medical findings. "Injury" does not include the effects of the natural aging process, and does not include any communicable disease unless the risk of contracting the disease is increased by the nature of the employment. "Injury" when used generally, unless the context indicates otherwise, shall include an occupational disease and damage to a prosthetic appliance, but shall not include a psychological, psychiatric, or stress-related change in the human organism, unless it is a direct result of a physical injury;

(2) "Occupational disease" means a disease arising out of and in the course of the employment;

(3) An occupational disease as defined in this chapter shall be deemed to arise out of the employment if there is apparent to the rational mind, upon consideration of all the circumstances, a causal connection between the conditions under which the work is performed and the occupational disease, and which can be seen to have followed as a natural incident to the work as a result of the exposure occasioned by the nature of the employment and which can be fairly traced to the employment as the proximate cause. The occupational disease shall be incidental to the character of the business and not independent of the relationship of employer and employee. An occupational disease need not have been foreseen or expected but, after its contraction, it must appear to be related to a risk connected with the employment and to have flowed from that source as a rational consequence;

(4) "Injurious exposure" shall mean that exposure to occupational hazard which would, independently of any other cause whatsoever, produce or cause the disease for which the claim is made;

(5) "Death" means death resulting from an injury or occupational disease;

(6) "Carrier" means any insurer, or legal representative thereof, authorized to insure the liability of employers under this chapter and includes a self-insurer;

(7) "Self-insurer" is an employer who has been authorized under the provisions of this chapter to carry his own liability on his employees covered by this chapter;

(8) "Department" means the Department of Workers' Claims in the Education and Labor Cabinet;

(9) "Commissioner" means the commissioner of the Department of Workers' Claims under the direction and supervision of the secretary of the Education and Labor Cabinet;

(10) "Board" means the Workers' Compensation Board;

(11) (a) "Temporary total disability" means the condition of an employee who has not reached maximum medical improvement from an injury and has not reached a level of improvement that would permit a return to employment;

(b) "Permanent partial disability" means the condition of an employee who, due to an injury, has a permanent disability rating but retains the ability to work; and

(c) "Permanent total disability" means the condition of an employee who, due to an injury, has a permanent disability rating and has a complete and permanent inability to perform any type of work as a result of an injury, except that total disability shall be irrebuttably presumed to exist for an injury that results in:

1. Total and permanent loss of sight in both eyes;

2. Loss of both feet at or above the ankle;

3. Loss of both hands at or above the wrist;

4. Loss of one (1) foot at or above the ankle and the loss of one (1) hand at or above the wrist;

5. Permanent and complete paralysis of both arms, both legs, or one (1) arm and one (1) leg;

6. Incurable insanity or imbecility; or

7. Total loss of hearing;

(12) "Income benefits" means payments made under the provisions of this chapter to the disabled worker or his dependents in case of death, excluding medical and related benefits;

(13) "Medical and related benefits" means payments made for medical, hospital, burial, and other services as provided in this chapter, other than income benefits;

(14) "Compensation" means all payments made under the provisions of this chapter representing the sum of income benefits and medical and related benefits;

(15) "Medical services" means medical, surgical, dental, hospital, nursing, and medical rehabilitation services, medicines, and fittings for artificial or prosthetic devices;

(16) "Person" means any individual, partnership, limited partnership, limited liability company, firm, association, trust, joint venture, corporation, or legal representative thereof;

(17) "Wages" means, in addition to money payments for services rendered, the reasonable value of board, rent, housing, lodging, fuel, or similar advantages received from the employer, and gratuities received in the course of employment from persons other than the employer as evidenced by the employee's federal and state tax returns;

(18) "Agriculture" means the operation of farm premises, including the planting, cultivation, producing, growing, harvesting, and preparation for market of agricultural or horticultural commodities thereon, the raising of livestock for food products and for racing purposes, and poultry thereon, and any work performed as an incident to or in conjunction with the farm operations, including the sale of produce at on-site markets and the processing of produce for sale at on-site markets. It shall not include the commercial processing, packing, drying, storing, or canning of such commodities for market, or making cheese or butter or other dairy products for market;

(19) "Beneficiary" means any person who is entitled to income benefits or medical and related benefits under this chapter;

(20) "United States," when used in a geographic sense, means the several states, the District of Columbia, the Commonwealth of Puerto Rico, the Canal Zone, and the territories of the United States;

(21) "Alien" means a person who is not a citizen, a national, or a resident of the United States or Canada. Any person not a citizen or national of the United States who relinquishes or is about to relinquish his residence in the United States shall be regarded as an alien;

(22) "Insurance carrier" means every insurance carrier or insurance company authorized to do business in the Commonwealth writing workers' compensation insurance coverage and includes the Kentucky Employers Mutual Insurance Authority and every self-insured group operating under the provisions of this chapter;

(23) (a) "Severance or processing of coal" means all activities performed in the Commonwealth at underground, auger, and surface mining sites; all activities performed at tipple or processing plants that clean, break, size, or treat coal; and all activities performed at coal loading facilities for trucks, railroads, and barges. Severance or processing of coal shall not include acts performed by a final consumer if the acts are performed at the site of final consumption.

(b) "Engaged in severance or processing of coal" shall include all individuals, partnerships, limited partnerships, limited liability companies, corporations, joint ventures, associations, or any other business entity in the Commonwealth which has employees on its payroll who perform any of the acts stated in paragraph (a) of this subsection, regardless of whether the acts are performed as owner of the coal or on a contract or fee basis for the actual owner of the coal. A business entity engaged in the severance or processing of coal, including but not limited to administrative or selling functions, shall be considered wholly engaged in the severance or processing of coal for the purpose of this chapter. However, a business entity which is engaged in a separate business activity not related to coal, for which a separate premium charge is not made, shall be deemed to be engaged in the severance or processing of coal only to the extent that the number of employees engaged in the severance or processing of coal bears to the total number of employees. Any employee who is involved in the business of severing or processing of coal and business activities not related to coal shall be prorated based on the time involved in severance or processing of coal bears to his total time;

(24) "Premium" for every self-insured group means any and all assessments levied on its members by such group or contributed to it by the members thereof. For special fund assessment purposes, "premium" also includes any and all membership dues, fees, or other payments by members of the group to associations or other entities used for underwriting, claims handling, loss control, premium audit, actuarial, or other services associated with the maintenance or operation of the self-insurance group;

(25) (a) "Premiums received" for policies effective on or after January 1, 1994, for insurance companies means direct written premiums as reported in the annual statement to the Department of Insurance by insurance companies, except that "premiums received" includes premiums charged off or deferred, and, on insurance policies or other evidence of coverage with provisions for deductibles, the calculated cost for coverage, including experience modification and premium surcharge or discount, prior to any reduction for deductibles. The rates, factors, and methods used to calculate the cost for coverage under this paragraph for insurance policies or other evidence of coverage with provisions for deductibles shall be the same rates, factors, and methods normally used by the insurance company in Kentucky to calculate the cost for coverage for insurance policies or other evidence of coverage without provisions for deductibles, except that, for insurance policies or other evidence of coverage with provisions for deductibles effective on or after January 1, 1995, the calculated cost for coverage shall not include any schedule rating modification, debits, or credits. For policies with provisions for deductibles with effective dates on or after January 1, 1995, assessments shall be imposed on premiums received as calculated by the deductible program adjustment. The cost for coverage calculated under this paragraph by insurance companies that issue only deductible insurance policies in Kentucky shall be actuarially adequate to cover the entire liability of the employer for compensation under this chapter, including all expenses and allowances normally used to calculate the cost for coverage. For policies with provisions for deductibles with effective dates of May 6, 1993, through December 31, 1993, for which the insurance company did not report premiums and remit special fund assessments based on the calculated cost for coverage prior to the reduction for deductibles, "premiums received" includes the initial premium plus any reimbursements invoiced for losses, expenses, and fees charged under the deductibles. The special fund assessment rates in effect for reimbursements invoiced for losses, expenses, or fees charged under the deductibles shall be those percentages in effect on the effective date of the insurance policy. For policies covering covered employees having a co-employment relationship with a professional employer organization and a client as defined in KRS Chapter 336, "premiums received" means premiums calculated using the experience modification factor of each client as defined in KRS Chapter 336 for each covered employee for that portion of the payroll pertaining to the covered employee.

(b) "Direct written premium" for insurance companies means the gross premium written less return premiums and premiums on policies not taken but including policy and membership fees.

(c) "Premium," for policies effective on or after January 1, 1994, for insurance companies means all consideration, whether designated as premium or otherwise, for workers' compensation insurance paid to an insurance company or its representative, including, on insurance policies with provisions for deductibles, the calculated cost for coverage, including experience modification and premium surcharge or discount, prior to any reduction for deductibles. The rates, factors, and methods used to calculate the cost for coverage under this paragraph for insurance policies or other evidence of coverage with provisions for deductibles shall be the same rates, factors, and methods normally used by the insurance company in Kentucky to calculate the cost for coverage for insurance policies or other evidence of coverage without provisions for deductibles, except that, for insurance policies or other evidence of coverage with provisions for deductibles effective on or after January 1, 1995, the calculated cost for coverage shall not include any schedule rating modifications, debits, or credits. For policies with provisions for deductibles with effective dates on or after January 1, 1995, assessments shall be imposed as calculated by the deductible program adjustment. The cost for coverage calculated under this paragraph by insurance companies that issue only deductible insurance policies in Kentucky shall be actuarially adequate to cover the entire liability of the employer for compensation under this chapter, including all expenses and allowances normally used to calculate the cost for coverage. For policies with provisions for deductibles with effective dates of May 6, 1993, through December 31, 1993, for which the insurance company did not report premiums and remit special fund assessments based on the calculated cost for coverage prior to the reduction for deductibles, "premium" includes the initial consideration plus any reimbursements invoiced for losses, expenses, or fees charged under the deductibles.

(d) "Return premiums" for insurance companies means amounts returned to insureds due to endorsements, retrospective adjustments, cancellations, dividends, or errors.

(e) "Deductible program adjustment" means calculating premium and premiums received on a gross basis without regard to the following:

1. Schedule rating modifications, debits, or credits;

2. Deductible credits; or

3. Modifications to the cost of coverage from inception through and including any audit that are based on negotiated retrospective rating arrangements, including but not limited to large risk alternative rating options;

(26) "Insurance policy" for an insurance company or self-insured group means the term of insurance coverage commencing from the date coverage is extended, whether a new policy or a renewal, through its expiration, not to exceed the anniversary date of the renewal for the following year;

(27) "Self-insurance year" for a self-insured group means the annual period of certification of the group created pursuant to KRS 342.350(4) and 304.50-010;

(28) "Premium" for each employer carrying his own risk pursuant to KRS 342.340(1) shall be the projected value of the employer's workers' compensation claims for the next calendar year as calculated by the commissioner using generally-accepted actuarial methods as follows:

(a) The base period shall be the earliest three (3) calendar years of the five (5) calendar years immediately preceding the calendar year for which the calculation is made. The commissioner shall identify each claim of the employer which has an injury date or date of last injurious exposure to the cause of an occupational disease during each one (1) of the three (3) calendar years to be used as the base, and shall assign a value to each claim. The value shall be the total of the indemnity benefits paid to date and projected to be paid, adjusted to current benefit levels, plus the medical benefits paid to date and projected to be paid for the life of the claim, plus the cost of medical and vocational rehabilitation paid to date and projected to be paid. Adjustment to current benefit levels shall be done by multiplying the weekly indemnity benefit for each claim by the number obtained by dividing the statewide average weekly wage which will be in effect for the year for which the premium is being calculated by the statewide average weekly wage in effect during the year in which the injury or date of the last exposure occurred. The total value of the claims using the adjusted weekly benefit shall then be calculated by the commissioner. Values for claims in which awards have been made or settlements reached because of findings of permanent partial or permanent total disability shall be calculated using the mortality and interest discount assumptions used in the latest available statistical plan of the advisory rating

organization defined in Subtitle 13 of KRS Chapter 304. The sum of all calculated values shall be computed for all claims in the base period;

(b) The commissioner shall obtain the annual payroll for each of the three (3) years in the base period for each employer carrying his own risk from records of the department and from the records of the Department of Workforce Development, Education and Labor Cabinet. The commissioner shall multiply each of the three (3) years of payroll by the number obtained by dividing the statewide average weekly wage which will be in effect for the year in which the premium is being calculated by the statewide average weekly wage in effect in each of the years of the base period;

(c) The commissioner shall divide the total of the adjusted claim values for the three (3) year base period by the total adjusted payroll for the same three (3) year period. The value so calculated shall be multiplied by 1.25 and shall then be multiplied by the employer's most recent annualized payroll, calculated using records of the department and the Department of Workforce Development data which shall be made available for this purpose on a quarterly basis as reported, to obtain the premium for the next calendar year for assessment purposes under KRS 342.122;

(d) For November 1, 1987, through December 31, 1988, premium for each employer carrying its own risk shall be an amount calculated by the board pursuant to the provisions contained in this subsection and such premium shall be provided to each employer carrying its own risk and to the funding commission on or before January 1, 1988. Thereafter, the calculations set forth in this subsection shall be performed annually, at the time each employer applies or renews its application for certification to carry its own risk for the next twelve (12) month period and submits payroll and other data in support of the application. The employer and the funding commission shall be notified at the time of the certification or recertification of the premium calculated by the commissioner, which shall form the employer's basis for assessments pursuant to KRS 342.122 for the calendar year beginning on January 1 following the date of certification or recertification;

(e) If an employer having fewer than five (5) years of doing business in this state applies to carry its own risk and is so certified, its premium for the purposes of KRS 342.122 shall be based on the lesser number of years of experience as may be available including the two (2) most recent years if necessary to create a three (3) year base period. If the employer has less than two (2) years of operation in this state available for the premium calculation, then its premium shall be the greater of the value obtained by the calculation called for in this subsection or the amount of security required by the commissioner pursuant to KRS 342.340(1);

(f) If an employer is certified to carry its own risk after having previously insured the risk, its premium shall be calculated using values obtained from claims incurred while insured for as many of the years of the base period as may be necessary to create a full three (3) year base. After the employer is certified to carry its own risk and has paid all amounts due for assessments upon premiums paid while insured, the employer shall be assessed only upon the premium calculated under this subsection;

(g) "Premium" for each employer defined in KRS 342.630(2) shall be calculated as set forth in this subsection; and

(h) Notwithstanding any other provision of this subsection, the premium of any employer authorized to carry its own risk for purposes of assessments due under this chapter shall be no less than thirty cents ($0.30) per one hundred dollars ($100) of the employer's most recent annualized payroll for employees covered by this chapter;

(29) "SIC code" as used in this chapter means the Standard Industrial Classification Code contained in the latest edition of the Standard Industrial Classification Manual published by the Federal Office of Management and Budget;

(30) "Investment interest" means any pecuniary or beneficial interest in a provider of medical services or treatment under this chapter, other than a provider in which that pecuniary or investment interest is obtained on terms equally available to the public through trading on a registered national securities exchange, such as the New York Stock Exchange or the American Stock Exchange, or on the National Association of Securities Dealers Automated Quotation System;

(31) "Managed health care system" means a health care system that employs gatekeeper providers, performs utilization review, and does medical bill audits;

(32) "Physician" means physicians and surgeons, ***audiologists holding a doctorate in audiology,*** psychologists, optometrists, dentists, podiatrists, and osteopathic and chiropractic practitioners acting within the scope of the license or other credentials required by his or her specialty of practice in the United States jurisdiction in which he or she is authorized to practice;

(33) "Objective medical findings" means information gained through direct observation and testing of the patient applying objective or standardized methods;

(34) "Work" means providing services to another in return for remuneration on a regular and sustained basis in a competitive economy;

(35) "Permanent impairment rating" means percentage of whole body impairment caused by the injury or occupational disease as determined by the "Guides to the Evaluation of Permanent Impairment";

(36) "Permanent disability rating" means the permanent impairment rating selected by an administrative law judge times the factor set forth in the table that appears at KRS 342.730(1)(b); and

(37) "Guides to the Evaluation of Permanent Impairment" means, except as provided in KRS 342.262:

(a) The fifth edition published by the American Medical Association; and

(b) For psychological impairments, Chapter 12 of the second edition published by the American Medical Association.

➔Section 2. KRS 342.213 is amended to read as follows:

(1) The Governor shall make all appointments to the board, and appoint the administrative law judges of the Department of Workers' Claims, subject to the consent of the Senate in accordance with KRS 11.160, and in accordance with this section and KRS 342.215 and 342.230 by choosing from names presented to him or her by the Workers' Compensation Nominating Committee.

(2) The Workers' Compensation Nominating Committee shall consist of five (5) members appointed by the Governor as follows:

(a) 1. One (1) member of the political party having the largest number of registered voters and one (1) member of the political party having the second largest number of registered voters shall serve a term of two (2) years;

2. One (1) member of the political party having the largest number of registered voters shall serve a term of three (3) years; and

3. Thereafter, upon the expiration of a term, the vacancy created shall be filled by an appointee from the same political party for a term of four (4) years;

(b) 1. Two (2) members who shall be attorneys with experience in the practice of workers' compensation, one (1) who customarily represents claimants and one (1) who customarily represents employers, each of whom shall serve a term of four (4) years; and

2. Thereafter, upon expiration of a term, the vacancy shall be filled by an appointee who meets the same required qualifications or criteria and who shall serve a term of four (4) years;

(c) Appointments to fill the unexpired term of a member due to the resignation of a member, removal of a member pursuant to KRS 63.080, or any other reason shall be for the remainder of the term, and the new appointee shall meet the same required qualifications or criteria as stated in this section; and

(d) At the first meeting of each calendar year, the members shall select a chairman of the nominating committee who shall serve as chairman for the duration of that calendar year.

(3) Notwithstanding the provisions of subsection (2) of this section, at least two (2) members of the Workers' Compensation Nominating Committee shall be individuals who directly derive no earned income from the workers' compensation program. In order to satisfy the requirement of this subsection, the Governor shall remove any existing member of the Workers' Compensation Nominating Committee who directly derives earned income from the workers' compensation program and replace that member with an individual who does not derive earned income from the workers' compensation program.

(4) The commissioner shall monitor the workload of the administrative law judges and, whenever a vacancy occurs, determine whether filling the position is necessary to expeditious resolution of claims brought under this chapter. ***One hundred fifty (150) days***~~[One hundred twenty (120) days]~~ prior to the expiration of the terms

of the administrative law judges, and when a vacancy occurs under other circumstances, the commissioner shall certify to the Workers' Compensation Nominating Committee that filling the position is necessary and the Workers' Compensation Nominating Committee shall act to fill only such positions as have been certified as necessary by the commissioner.

(5) (a) The Workers' Compensation Nominating Committee shall consult with the commissioner, chief administrative law judge, and a member of the Workers' Compensation Board as to the performance in office of the administrative law judges. The Workers' Compensation Nominating Committee may recommend retention of any sitting administrative law judge ***or board member***, or present to the Governor the names of three (3) qualified individuals nominated for the position. The Workers' Compensation Nominating Committee shall report its recommendation for retention to the Governor no later than thirty (30) days after receipt from the commissioner of certification of the necessity to fill the position and shall render to the Governor its list of nominees to fill vacancies within sixty (60) days of receipt of the commissioner's certification. The name of an individual who has been rejected by the Governor when recommended for retention shall not be presented thereafter as a nominee for the same position. No sitting administrative law judge shall be nominated to fill more than one (1) vacancy except for separate vacancies as an administrative law judge.

(b) Within thirty (30) days of receipt of the recommendation, the Governor may reject recommendations of retention, in which event the Workers' Compensation Nominating Committee shall, within thirty (30) days, reconvene and present a list of the names of three (3) nominees for each position for which a recommendation for retention has been rejected by the Governor.

(6) The commissioner shall be subject to Senate confirmation in accordance with KRS 11.160.

(7) (a) The Governor shall appoint the members of the Workers' Compensation Board. ***If a sitting board member is not retained, the***~~[The]~~ nominating committee shall present to the Governor a list of three (3) candidates for appointment to the board no later than thirty (30) days prior to the expiration of a board member's term. For the purpose of filling vacancies on the board which occur for reasons other than an expiration of term, the nominating committee shall present a list of three (3) names to the Governor no later than sixty (60) days after a vacancy occurs.

(b) If the Governor fails to appoint a member of the board within thirty (30) days following receipt of a list of names from the nominating committee, the previous appointee may remain in the position until ***adjournment of the Senate the year following the expiration of his or her term***~~[the ninetieth day following the date the nominating committee provided the Governor with its list of names]~~, at which time he or she shall vacate the position.

(c) Each newly appointed member of the board shall not assume his or her office until thirty (30) days after confirmation by the Senate. Members who are reappointed shall continue to serve in their capacity until the reappointment is confirmed by the Senate or the Senate adjourns without confirming the appointment.

(8) (a) The nominating committee shall meet as often as necessary to perform its statutory responsibilities, including but not limited to the mandates enumerated in this section, and a majority of the members shall constitute a quorum for the transaction of business; and

(b) The members shall be reimbursed from funds collected pursuant to KRS 342.122 for necessary expenses in the manner and amounts prescribed for state employees by KRS 45.101 and the administrative regulations promulgated under the authority of that statute. Members of the nominating committee shall not be paid for their attendance at any meeting.

➔Section 3. KRS 342.215 is amended to read as follows:

(1) The Workers' Compensation Board is hereby created and established. The board shall rule on appeals of decisions rendered by administrative law judges under this chapter. The board shall rule on an appeal of a decision of an administrative law judge no later than sixty (60) days following the date on which the last appeal brief was filed.

(2) The Workers' Compensation Board shall consist of three (3) members appointed by the Governor. Each member shall hold no other public office and shall devote his or her full time to the duties of his or her office. Each member shall be exempt from the classified service, and his or her support staff may be exempt from the classified service.

(3) Of the members of the board appointed under this section, ***any member appointed to fill an unexpired term shall immediately assume the office subject to the confirmation by the Senate in accordance with KRS 11.160 for the remainder of the term. Any member not currently pending reappointment by the Senate with a term expiring on or before:***

(a) December 1, 2025, shall continue serving a term that shall expire on June 1, 2026;

(b) December 1, 2026, shall continue serving a term that shall expire on June 1, 2027; or

(c) December 1, 2027, shall continue serving a term that shall expire on June 1, 2028~~[one (1) shall serve a term that shall expire on January 4, 2002; one (1) shall serve a term that shall expire on January 4, 2003; and one (1) shall serve a term that shall expire on January 4, 2004, as designated by the Governor at the time of appointment]~~.

Thereafter, each term of a board member shall run for four (4) years from the date of expiration of the term for which the member's predecessor was appointed, except that a person appointed to fill a vacancy prior to the expiration of a term shall be appointed for the remainder of the term. The Governor shall not appoint a member of the board to fill the unexpired term of another board member, nor shall the Governor reappoint a member of the board who has been removed from his or her position prior to the expiration of his or her term. The members of the board shall have the qualifications required of appeals court judges, except for residence in a district, and shall receive the same salary and shall be subject to the same standards of conduct. The Governor shall designate a member of the board to serve as chairman. Any vacancy in the chairmanship shall be filled by the Governor. The Governor may at any time remove any member for cause after furnishing the member with a written copy of the charges against him or her and giving the member a public hearing if he or she requests it.

(4) A decision concurred in by any two (2) of the three (3) members shall constitute a decision of the board.

(5) Members of the Workers' Compensation Board and the administrative law judges shall be members of the Kentucky Employees Retirement System.

(6) The Workers' Compensation Board shall be attached to the Department of Workers' Claims in the Education and Labor Cabinet.

➔Section 4. KRS 342.230 is amended to read as follows:

(1) The commissioner with the assistance of the board shall train and instruct the administrative law judges on an ongoing basis; assign cases; and monitor the caseloads of the administrative law judges and the Workers' Compensation Board to ensure timely disposition of cases; keep and be the custodian of the records of the board and the administrative law judges; annually report the activities of the board and the administrative law judges to the Governor; and devote his or her full time to the duties of his or her office. The commissioner shall be paid a salary not less than the salary of a member of the board.

(2) The Governor shall appoint, with the consent of the Senate in accordance with KRS 11.160 for a term of four (4) years, not more than nineteen (19) administrative law judges, each of whom shall be an attorney and shall have five (5) years' experience in the Commonwealth in the practice of workers' compensation law or a related field, and extensive knowledge of workers' compensation law, and shall be paid the same salary as a Circuit Judge. ***Each newly appointed administrative law judge shall not assume his or her office until June 1 following confirmation by the Senate. Administrative law judges who are reappointed shall continue to serve in their capacity until the reappointment is confirmed by the Senate or the Senate adjourns without confirming the appointment.*** Each administrative law judge shall be exempt from the classified service, and his or her support staff may be exempt from the classified service. Each administrative law judge may be employed for additional terms with the consent of the Senate in accordance with KRS 11.160. The Governor, at least thirty (30) days prior to the expiration of a term of an administrative law judge, shall provide the name of the individual whom he ***or she*** intends to appoint to the position to the chairman of the ***Senate Standing Committee on Economic Development, Tourism, and Labor***~~[Senate Economic Development and Workforce Investment Committee]~~. These administrative law judges shall conduct hearings, and otherwise supervise the presentation of evidence and perform any other duties assigned to them by statute and shall render final decisions, orders, or awards. Administrative law judges may, in receiving evidence, make rulings affecting the competency, relevancy, and materiality of the evidence about to be presented and upon motions presented during the taking of evidence as will expedite the preparation of the case.

(3) To ensure that the administrative law judges perform their responsibilities competently and issue decisions consistent with this chapter, the commissioner shall, at least twice annually, conduct training and education

seminars in workers' compensation law; administrative law; and methods and procedures for writing well-reasoned, clear, correct, and concise opinions, orders, or awards.

(4) The Governor may at any time remove the commissioner or any member of the board. The commissioner may remove any administrative law judge. A member of the board or an administrative law judge may be removed for good cause, including violation of the code of judicial ethics or the code of ethics applicable to the executive branch of the Commonwealth. In addition, an administrative law judge or a member of the board may be removed for the persistent or repeated failure to perform satisfactorily the specific duties assigned in this chapter, including the requirement of timely disposition of cases, review of attorney's fees, and failure to attend training and continuing education programs required by this section.

(5) Any vacancy in the term of an administrative law judge, which occurs prior to the expiration of the term, shall be filled if necessary by appointment of the Governor in accordance with subsection (2) of this section within sixty (60) days from the date the vacancy occurs, with the consent of the Senate in accordance with KRS 11.160, for the remainder of the term. ***An administrative law judge appointed to fill an unexpired term shall immediately assume the office subject to the confirmation by the Senate in accordance with KRS 11.160 for the remainder of the term.***

(6) ***Any administrative law judge not currently pending confirmation by the Senate with a term expiring on or before:***

(a) December 1, 2025, shall continue serving a term that shall expire on June 1, 2026;

(b) December 1, 2026, shall continue serving a term that shall expire on June 1, 2027;

(c) December 1, 2027, shall continue serving a term that shall expire on June 1, 2028; or

(d) December 1, 2028, shall continue serving a term that shall expire on June 1, 2029~~[(a) On January 1, 1998, the Governor shall make four (4) year appointments to fill as many of these positions as are necessary to fulfill the duties assigned to administrative law judges under this chapter.~~

~~(b) On January 1, 2000, the Governor shall make four (4) year appointments to fill as many of these positions as are necessary to fulfill the duties assigned to administrative law judges under this chapter]~~.

(7) One (1) of the administrative law judges appointed pursuant to this section shall be appointed as a chief administrative law judge, to have the same qualifications, powers, duties, and requirements as those of other administrative law judges. The chief administrative law judge shall not be assigned regular dockets but shall instead assist the commissioner by doing all scheduling of the administrative law judges, handling dockets assigned to the administrative law judges in case of an emergency, providing supervision of the administrative law judges, and providing educational opportunities for the administrative law judges. The chief administrative law judge shall be paid at the same rate as the administrative law judges plus an additional three thousand dollars ($3,000) per year. At any time the commissioner may replace the chief administrative law judge with one (1) of the other administrative law judges at which time the former chief administrative law judge shall resume the duties assigned to the other administrative law judges pursuant to this chapter. On January 1, 1998, the commissioner shall employ a person in this position for a four (4) year term.

➔Section 5. KRS 342.315 is amended to read as follows:

(1) For workers who have had injuries or occupational hearing loss, the commissioner shall contract with the University of Kentucky,~~[and]~~ the University of Louisville***, and the University of Pikeville*** medical schools to evaluate workers. For workers who have become affected by occupational diseases, the commissioner shall contract with the University of Kentucky,~~[and]~~ the University of Louisville***, and the University of Pikeville*** medical schools, or other physicians otherwise duly qualified as "B" readers who are licensed in the Commonwealth and are board-certified pulmonary specialists. Referral for evaluation may be made whenever a medical question is at issue.

(2) The physicians and institutions performing evaluations pursuant to this section shall render reports encompassing their findings and opinions in the form prescribed by the commissioner. Except as otherwise provided in KRS 342.316, the clinical findings and opinions of the designated evaluator shall be afforded presumptive weight by administrative law judges and the burden to overcome such findings and opinions shall fall on the opponent of that evidence. When administrative law judges reject the clinical findings and opinions of the designated evaluator, they shall specifically state in the order the reasons for rejecting that evidence.

(3) The commissioner or an administrative law judge may, upon the application of any party or upon his own motion, direct appointment by the commissioner, pursuant to subsection (1) of this section, of a medical

evaluator to make any necessary medical examination of the employee. Such medical evaluator shall file with the commissioner within fifteen (15) days after such examination a written report. The medical evaluator appointed may charge a reasonable fee not exceeding fees established by the commissioner for those services.

(4) Within thirty (30) days of the receipt of a statement for the evaluation, the employer or carrier shall pay the cost of the examination. Upon notice from the commissioner that an evaluation has been scheduled, the insurance carrier shall forward within seven (7) days to the employee the expenses of travel necessary to attend the evaluation at a rate equal to that paid to state employees for travel by private automobile while conducting state business.

(5) Upon claims in which it is finally determined that the injured worker was not the employee at the time of injury of an employer covered by this chapter, the special fund shall reimburse the carrier for any evaluation performed pursuant to this section for which the carrier has been erroneously compelled to make payment.

(6) Not less often than annually the designee of the secretary of the Cabinet for Health and Family Services shall assess the performance of the medical schools and render findings as to whether evaluations conducted under this section are being rendered in a timely manner, whether examinations are conducted in accordance with medically recognized techniques, whether impairment ratings are in conformity with standards prescribed by the "Guides to the Evaluation of Permanent Impairment," and whether coal workers' pneumoconiosis examinations are conducted in accordance with the standards prescribed in this chapter.

(7) The General Assembly finds that good public policy mandates the realization of the potential advantages, both economic and effectual, of the use of telehealth. The commissioner may, to the extent that he or she finds it feasible and appropriate, require the use of telehealth, as defined in KRS 211.332, in the independent medical evaluation process required by this chapter.

Became law without Governor's signature March 27, 2025.

CHAPTER 94

(HB 241)

AN ACT relating to education and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. (1) For the 2024-2025 school year, a school district may revise its school calendar in accordance with the requirements of this section.

(2) For purposes of this section, notwithstanding the requirement in KRS 158.070 that the student instructional year not be less than 170 student attendance days and any other statute or administrative regulation to the contrary, students shall receive a minimum of 1,062 instructional hours, less any waiver of instructional time provided in accordance with KRS 158.070(3)(f) and 702 KAR 7:140.

(3) The commissioner of education may grant up to the equivalent of five disaster relief student attendance days for school districts to provide instruction using alternative settings when the school district is closed for health or safety reasons.

(4) Notwithstanding KRS 158.070(4)(b), a school district may reach the required instructional hours required by adding time to student attendance days. A day shall not exceed seven hours of instructional time unless the district submitted and received approval from the commissioner of education for an innovative alternative calendar.

(5) If a local school district is unable to provide the required 1,062 hours of instruction by June 4, 2025, the commissioner of education may waive up to five student attendance days. The commissioner of education shall not waive instructional days for a district that did not make up days by adding time to the student instructional day. Notwithstanding any other statute or administrative regulation to the contrary, student attendance days waived under this subsection shall be applied on a district-wide basis.

(6) If a local board of education seeks to revise its school calendar under this section, the board shall submit a plan for approval to the Kentucky Department of Education demonstrating how the required instructional hours will be completed.

(7) Notwithstanding any other statute, administrative regulation, or local board of education policy to the contrary, each classified and certified employee of a local board of education shall be considered to have completed one day of his or her employment contract for each day made up in accordance with subsection (4) of this section and days waived in accordance with subsection (5) of this section.

(8) If a local board of education used 10 or fewer nontraditional instruction days during the 2024-2025 school year and chooses not to take advantage of subsections (3) and (5) of this section for the 2024-2025 school year, the school district's average daily attendance shall be calculated by deducting five low attendance days in addition to the five days deducted under KRS 157.320(1).

➔Section 2. KRS 157.320 is amended to read as follows:

As used in KRS 157.310 to 157.440, unless the context otherwise requires:

(1) "Average daily attendance" means the aggregate days attended by pupils in a public school, adjusted for weather-related low attendance days if applicable, divided by the actual number of days the school is in session, after the five (5) days with the lowest attendance have been deducted.

(a) Aggregate days shall include, in addition to the aggregate number of days attended by a pupil who was suspended during a school year, the number of days the pupil was suspended, not to exceed ten (10) days in total for the school year; and

(b) Aggregate days shall include, in addition to the aggregate number of days attended by a pupil who was expelled for behavioral problems, the number of days the pupil was expelled up to a total of one hundred seventy-five (175) days. This total may extend into the next school year and shall be counted in the average daily attendance for the next year;

(2) "Base funding level" means a guaranteed amount of revenue per pupil to be provided for each school district, to be used for regular operating and capital expenditures;

(3) "Board" means the board of education of any county or independent school district;

(4) "District" means any school district as defined by law;

(5) "Elementary school" means a school consisting of the primary school program through grade eight (8) as defined in KRS 158.030, or any appropriate combination of grades within this range, as determined by the plan of organization for schools authorized by the district board;

(6) "Support Education Excellence in Kentucky" means the level of educational services and facilities which is to be provided in each district from the public school fund;

(7) "Kindergarten full-time equivalent pupil in average daily attendance" means each kindergarten pupil counted no more than one-half (1/2) day in the aggregate days attended by kindergarten pupils in a public school divided by the actual number of days school is in session after the five (5) days with the lowest attendance have been deducted. Kindergarten is the entry level of the primary program and shall be provided no less than the equivalent of one-half (1/2) day, five (5) days a week for a full school year for each kindergarten pupil;

(8) "Public school fund" means the fund created by KRS 157.330 for use in financing education in public elementary and secondary schools;

(9) "Administrative regulations of the Kentucky Board of Education" means those regulations which the Kentucky Board of Education may adopt upon the recommendation and with the advice of the commissioner of education. The commissioner of education shall recommend administrative regulations necessary for carrying out the purposes of KRS 157.310 to 157.440;

(10) "Experience" means employment as a teacher, other than as a substitute or nursery school teacher, for a minimum of one hundred forty (140) days during a school year in a public or nonpublic elementary or secondary school or college or university that is approved by the public accrediting authority in the state in which the teaching duties were performed. A teacher who is employed by a board for at least one hundred forty (140) days of a school year and who performs teaching duties for the equivalent of at least seventy (70) full school days during that school year, regardless of the schedule on which those duties were performed, shall be credited with one (1) year of experience. A teacher who is employed by a board for at least one hundred forty (140) days during each of two (2) school years and who performs teaching duties for the equivalent of at least seventy (70) full school days during those years shall be credited with one (1) year of experience. No more than one (1) year of experience shall be credited for the performance of teaching duties during a single school year;

(11) "Secondary school" means a school consisting of grades seven (7) through twelve (12), or any appropriate combination of grades within this range as determined by the plan of organization for schools authorized by the district board. When grades seven (7) through nine (9) or ten (10) are organized separately as a junior high school, or grades ten (10) through twelve (12) are organized separately as a senior high school and are conducted in separate school plant facilities, each shall be considered a separate secondary school for the purposes of KRS 157.310 to 157.440;

(12) "Single salary schedule" means a schedule adopted by a local board from which all teachers are paid for one hundred eighty-five (185) days and is based on training, experience, and such other factors as the Kentucky Board of Education may approve and which does not discriminate between salaries paid elementary and secondary teachers. If the budget bill contains a minimum statewide salary schedule, no teacher shall be paid less than the amount specified in the biennial budget salary schedule for the individual teacher's educational qualifications and experience;

(13) "Teacher" means any regular or special teacher, principal, supervisor, superintendent, assistant superintendent, librarian, director of pupil personnel, or other member of the teaching or professional staff engaged in the service of the public elementary and secondary school for whom certification is required as a condition of employment;

(14) "Percentage of attendance" means the aggregate days attended by pupils in a public school for the school year divided by the aggregate days' membership of pupils in a public school for the school year;

(15) "Middle school" means a school consisting of grades five (5) through eight (8) or any appropriate combination of grades as determined by the plan of organization for schools authorized by the district board;

(16) "National board certification salary supplement" means an annual supplement added for the life of the certificate to the base salary of a teacher who attains national board certification;

(17) "Virtual program" means a program offered by a public school district in which all courses in the program are virtual, do not include regular in-person instruction, and are designed as an alternative to traditional in-person school programs; and

(18) ~~[(17)]~~ "Weather-related low attendance day" means a school day on which the district's attendance falls below the average daily attendance for the prior year due to inclement weather. The district shall submit a request to substitute the prior year's average daily attendance for its attendance on up to ten (10) designated days, along with documentation that the low attendance was due to inclement weather, for approval by the commissioner of education in accordance with Kentucky Board of Education administrative regulations.

➔Section 3. KRS 157.360 is amended to read as follows:

(1) (a) In determining the cost of the program to support education excellence in Kentucky, the statewide guaranteed base funding level, as defined in KRS 157.320, shall be computed by dividing the amount appropriated for this purpose by the prior year's statewide average daily attendance.

(b) When determining the biennial appropriations for the program, the average daily attendance for each fiscal year shall include an estimate of the number of students graduating early under the provisions of KRS 158.142.

(2) Each district shall receive an amount equal to the base funding level for each pupil in average daily attendance in the district in the previous year, except a district shall receive an amount equal to one-half (1/2) of the state portion of the average statewide per pupil guaranteed base funding level for each student who graduated early under the provisions of KRS 158.142. Each district's base funding level shall be adjusted by the following factors:

(a) The number of at-risk students in the district. At-risk students shall be identified as those approved for the free lunch program under state and federal guidelines. The number of at-risk students shall be multiplied by a factor to be established by the General Assembly. Funds generated under this paragraph may be used to pay for:

1. Alternative programs for students who are at risk of dropping out of school before achieving a diploma; and

2. A hazardous duty pay supplement as determined by the local board of education to the teachers who work in alternative programs with students who are violent or assaultive;

(b) The number and types of exceptional children in the district as defined by KRS 157.200. Specific weights for each category of exceptionality shall be used in the calculation of the add-on factor for exceptional children; and

(c) Transportation costs. The per-pupil cost of transportation shall be calculated as provided by KRS 157.370. Districts which contract to furnish transportation to students attending nonpublic schools may adopt any payment formula which ensures that no public school funds are used for the transportation of nonpublic students.

(3) Beginning with the 2015-2016 school year and each year thereafter, the General Assembly shall annually allocate funds equal to one-half (1/2) of the state portion of the average statewide per pupil guaranteed base funding level for each student who graduated early under the provisions of KRS 158.142 the previous school year to the Kentucky Higher Education Assistance Authority for deposit in the early graduation scholarship trust fund.

(4) The program to support education excellence in Kentucky shall be fully implemented by the 1994-95 school year.

(5) (a) Except for those schools which have implemented school-based decision making, the commissioner of education shall enforce maximum class sizes for every academic course requirement in all grades except in vocal and instrumental music, and physical education classes. Except as provided in subsection (6) of this section, the maximum number of pupils enrolled in a class shall be as follows:

1. Twenty-four (24) in primary grades (kindergarten through third grade);

2. Twenty-eight (28) in grade four (4);

3. Twenty-nine (29) in grades five (5) and six (6);

4. Thirty-one (31) in grades seven (7) to twelve (12).

(b) Except for those schools which have implemented school-based decision making, class size loads for middle and secondary school***:***

1. Classroom teachers shall not exceed the equivalent of one hundred fifty (150) pupil hours per day***; and***

2. Virtual program teachers shall not exceed the equivalent of three hundred (300) pupil hours per day.

(c) The commissioner of education, upon approval of the Kentucky Board of Education, shall adopt administrative regulations for enforcing this provision. These administrative regulations shall include procedures for a superintendent to request an exemption from the Kentucky Board of Education when unusual circumstances warrant an increased class size for an individual class. A request for an exemption shall include specific reasons for the increased class size with a plan for reducing the class size prior to the beginning of the next school year. A district shall not receive in any one (1) year exemptions for more classes than enroll twenty percent (20%) of the pupils in the primary grades and grades four (4) through eight (8).

(d) In all schools the commissioner of education shall enforce the special education maximum class sizes set by administrative regulations adopted by the Kentucky Board of Education. A superintendent may request an exemption pursuant to paragraph (c) of this subsection. A local school council may request a waiver pursuant to KRS 156.160(2). An exemption or waiver shall not be granted if the increased class size will impede any exceptional child from achieving his or her individual education program in the least restrictive environment.

(6) In grades four (4) through six (6) with combined grades, the maximum class size shall be the average daily attendance upon which funding is appropriated for the lowest assigned grade in the class. There shall be no exceptions to the maximum class size for combined classes. In combined classes other than the primary grades, no ungraded students shall be placed in a combined class with graded students. In addition, there shall be no more than two (2) consecutive grade levels combined in any one (1) class in grades four (4) through six (6). However, this shall not apply to schools which have implemented school-based decision making.

(7) If a local school district, through its admission and release committee, determines that an appropriate program in the least restrictive environment for a particular child with a disability includes either part-time or full-time enrollment with a private school or agency within the state or a public or private agency in another state, the

school district shall count as average daily attendance in a public school the time that the child is in attendance at the school or agency, contingent upon approval by the commissioner of education.

(8) Pupils attending a center for child learning and study established under an agreement pursuant to KRS 65.210 to 65.300 shall, for the purpose of calculating average daily attendance, be considered as in attendance in the school district in which the child legally resides and which is party to the agreement. For purposes of subsection (1) of this section, teachers who are actually employees of the joint or cooperative action shall be considered as employees of each school district which is a party to the agreement.

(9) Program funding shall be increased when the average daily attendance in any district for the first two (2) months of the current school year is greater than the average daily attendance of the district for the first two (2) months of the previous school year. The program funds allotted the district shall be increased by the percent of increase. The average daily attendance in kindergarten is the kindergarten full-time equivalent pupils in average daily attendance.

(10) If the average daily attendance for the current school year in any district decreases by ten percent (10%) or more than the average daily attendance for the previous school year, the average daily attendance for purposes of calculating program funding for the next school year shall be increased by an amount equal to two-thirds (2/3) of the decrease in average daily attendance. If the average daily attendance remains the same or decreases in the succeeding school year, the average daily attendance for purposes of calculating program funding for the following school year shall be increased by an amount equal to one-third (1/3) of the decrease for the first year of the decline.

(11) If the percentage of attendance of any school district shall have been reduced more than two percent (2%) during the previous school year, the program funding allotted the district for the current school year shall be increased by the difference in the percentage of attendance for the two (2) years immediately prior to the current school year less two percent (2%).

(12) (a) Instructional salaries for vocational agriculture classes shall be for twelve (12) months per year. Vocational agriculture teachers shall be responsible for the following program of instruction during the time period beyond the regular school term established by the local board of education: supervision and instruction of students in agriculture experience programs; group and individual instruction of farmers and agribusinessmen; supervision of student members of agricultural organizations who are involved in leadership training or other activity required by state or federal law; or any program of vocational agriculture established by the Department of Education. During extended employment, no vocational agriculture teacher shall receive salary on a day that the teacher is scheduled to attend an institution of higher education class which could be credited toward meeting any certification requirement.

(b) Each teacher of agriculture employed shall submit an annual plan for summer program to the local school superintendent for approval. The summer plan shall include a list of tasks to be performed, purposes for each task, and time to be spent on each task. Approval by the local school superintendent shall be in compliance with the guidelines developed by the Department of Education. The supervision and accountability of teachers of vocational agriculture's summer programs shall be the responsibility of the local school superintendent. The local school superintendent shall submit to the commissioner of education a completed report of summer tasks for each vocational agriculture teacher. Twenty percent (20%) of the approved vocational agriculture programs shall be audited annually by the State Department of Education to determine that the summer plan has been properly executed.

(13) (a) In allotting program funds for home and hospital instruction, statewide guaranteed base funding, excluding the capital outlay, shall be allotted for each child in average daily attendance in the prior school year who has been properly identified according to Kentucky Board of Education administrative regulations. Attendance shall be calculated pursuant to KRS 157.270 and shall be reported monthly on forms provided by the Department of Education; and

(b) Pursuant to administrative regulations of the Kentucky Board of Education, local school districts shall be reimbursed for home and hospital instruction for pupils unable to attend regular school sessions because of short-term health impairments. A reimbursement formula shall be established by administrative regulations to include such factors as a reasonable per hour, per child allotment for teacher instructional time, with a maximum number of funded hours per week, a reasonable allotment for teaching supplies and equipment, and a reasonable allotment for travel expenses to and from instructional assignments, but the formula shall not include an allotment for capital outlay. Attendance shall be calculated pursuant to KRS 157.270 and shall be reported annually on forms provided by the Department of Education.

(14) Except for those schools which have implemented school-based decision making and the school council has voted to waive this subsection ***and for virtual programs***, kindergarten aides shall be provided for each twenty-four (24) full-time equivalent kindergarten students enrolled.

(15) Effective July 1, 2001, there shall be no deduction applied against the base funding level for any pupil in average daily attendance who spends a portion of his or her school day in a program at a state-operated career and technical education or vocational facility.

(16) During a fiscal year, a school district may request that the Department of Education recalculate its funds allocated under this section if the current year average daily attendance for the twenty (20) day school month as defined in KRS 158.060(1) that contains the most days within the calendar month of January exceeds the prior year adjusted average daily attendance plus growth by at least one percent (1%). Any adjustments in the allotments approved under this subsection shall be proportional to the remaining days in the school year and subject to available funds under the program to support education excellence in Kentucky.

(17) To calculate the state portion of the program to support education excellence in Kentucky for a school district, the Department of Education shall subtract the local effort required under KRS 157.390(5) from the calculated base funding under the program to support education excellence in Kentucky, as required by this section. The value of the real estate used in this calculation shall be the lesser of the current year assessment or the prior year assessment increased by four percent (4%) plus the value of current year new property. The calculation under this subsection shall be subject to available funds.

(18) Notwithstanding any other statute or budget of the Commonwealth language to the contrary, time missed due to shortening days for emergencies may be made up by lengthening school days in the school calendar without any loss of funds under the program to support education excellence in Kentucky.

➔Section 4. KRS 158.120 is amended to read as follows:

(1) ~~[By July 1, 2022,]~~A board of education shall adopt a nonresident pupil policy to govern the terms under which the district shall allow enrollment of nonresident pupils. Upon allowing nonresident pupil enrollment, the policy shall allow nonresident children to be eligible to enroll in any public school located within the district. The policy shall not discriminate between nonresident pupils, but may recognize enrollment capacity, as determined by the local school district. The nonresident pupil policy and any subsequent changes adopted by a board of education shall be filed with the Kentucky Department of Education no later than thirty (30) days following their adoption.

(2) Any board of education may charge a reasonable tuition fee per month for each child attending its schools whose parent, guardian, or other legal custodian is not a bona fide resident of the district. Any controversy as to the fee shall be submitted to the Kentucky Board of Education for final settlement. The fee shall be paid by the board of education of the school district in which the pupil resides, except in cases where the board makes provision for the child's education within his or her district. If a board of education is required to pay a pupil's tuition fee, the pupil shall be admitted to a school only upon proper certificate of the board of education of the district in which he or she resides.

(3) When it appears to the board of education of any school district that it is convenient for a pupil of any grade residing in that district to attend an approved public school in another district, the board of education may enter into a tuition contract with the public school authorities of the other school district for that purpose, but before a contract is entered into with public school authorities in another state the school shall have been approved by the state school authorities of that state through the grades in which the pupil belongs. When a district undertakes, under operation of a tuition contract or of law, to provide in its school for pupils residing in another district, the district of their residence shall share the total cost of the school, including transportation when furnished at public expense, in proportion to the number of pupils or in accordance with contract agreement between the two (2) boards.

(4) As used in this subsection, "virtual program" has the same meaning as in Section 2 of this Act. A school district may enroll nonresident pupils on a full-time basis in kindergarten through grade twelve (12) in a virtual program established under Section 5 of this Act by that district. Nonresident pupil enrollment shall be subject to the following requirements:

(a) Beginning with the 2025-2026 school year, the statewide total enrollment of nonresident pupils in virtual programs offered by school districts shall not exceed an enrollment cap of one percent (1%) of the previous year's total statewide student enrollment in all school districts. By July 1, 2025, and each year thereafter until June 30, 2028, the Kentucky Department of Education shall publish on its website the previous year's total statewide student enrollment in all school districts and the one

percent (1%) value of that number. The information shall remain on the website for the remainder of each school year;

(b) Each school district shall report in the student information system the nonresident pupils enrolled in the district's virtual programs. The department shall monitor the number of statewide total enrollment of nonresident pupils in virtual programs;

(c) If the number of statewide total enrollment of nonresident pupils in virtual programs reaches eighty-five hundredths of one percent (0.85%) of the previous year's total statewide student enrollment in all school districts, the department shall alert all school districts operating virtual programs that the nonresident enrollment cap has almost been reached. Upon receiving the alert, a school district shall notify any nonresident pupil seeking enrollment in a virtual program operated by the school district that the pupil will be provisionally enrolled until the department can confirm that the pupil's enrollment would not exceed the enrollment cap, and shall report the pupil as provisionally enrolled in the student information system. If the department determines that a pupil's enrollment would exceed the enrollment cap, the department shall notify the school district that the pupil cannot be approved for enrollment due to the enrollment cap. The department shall determine whether the pupil's enrollment will exceed the enrollment cap and provide notice to the school district of the determination. If the department fails to provide the school district with the determination within two (2) business days, the pupil shall be deemed to not exceed the enrollment cap and the provisional status shall be removed;

(d) If the nonresident enrollment cap is reached, the department shall notify all school districts operating virtual programs and that no additional nonresident pupils shall be enrolled until such time as nonresident enrollment falls below the enrollment cap;

(e) After reaching the nonresident enrollment cap, if the number of statewide total enrollment of nonresident pupils in virtual programs falls back below the enrollment cap, the department shall notify all school districts operating virtual programs that nonresident enrollment may resume again, but any nonresident pupils enrolled for the remainder of the school year shall be provisionally enrolled, following the same process outlined in paragraph (c) of this subsection; and

(f) The nonresident enrollment cap established in this subsection shall not apply to any of the following pupils:

1. A sibling of a pupil already enrolled into the same virtual program;

2. A pupil who is a dependent of a member of the Armed Forces of the United States; or

3. A pupil with a medical condition for which enrolling into the virtual program may be beneficial to the pupil, which shall be evidenced in a written statement signed by the pupil's physician.

All documentation related to these exceptions to the nonresident enrollment cap shall be maintained by the school district enrolling the nonresident pupil as part of the pupil's official record.

(5) A school district operating a virtual program that enrolls nonresident pupils shall no longer continue the enrollment of nonresident pupils in the program after June 30, 2028, unless explicit permission to do so is provided by the General Assembly.

➔Section 5. KRS 158.100 is amended to read as follows:

(1) Notwithstanding any statute to the contrary, each school district shall provide an approved preschool school program through twelve (12) grade school service. An approved preschool school program through eight (8) grade school service shall be provided for the children residing in the district by maintaining schools. An approved high school service for all children of high school grade under twenty-one (21) years of age residing in the district shall be provided either by maintaining the schools within the district or by contract with another district. The board of education of any school district, subject to the approval of the chief state school officer, may establish night schools, industrial schools, and other schools for the residents of the district as it deems advisable.

(2) A school district may provide an approved high school program to a student who is a refugee or legal alien until the student graduates or until the end of the school year in which the student reached the age of twenty-one (21), whichever occurs first.

(3) (a) The board of education of any school district may establish a virtual high school completion program for residents of the district of at least twenty-one (21) years of age that is designed to allow high school dropouts to complete high school graduation requirements through the use of virtual instruction.

(b) A student shall be eligible to enroll in a district's program if the student:

1. Is a resident of the district;

2. Is at least twenty-one (21) years of age;

3. Had previously dropped out of a high school; and

4. Had earned at least sixteen (16) credits at the time of dropping out.

(c) Notwithstanding paragraph (b)1. of this subsection, a program may enroll a nonresident student if the student otherwise qualifies for enrollment.

(d) To enroll in a district's program, a student shall provide a notarized transcript evidencing any credits earned previously towards graduation that are not from that district.

(e) To earn a high school diploma through the virtual program, a district shall require a student to either:

1. Complete the high school graduation requirements of the district that were or would have been applicable to the student at the time the student dropped out of high school; or

2. Complete the high school graduation requirements of the district in effect at the time of enrolling in the virtual program.

(f) A district may charge a student reasonable tuition and fees for the program.

(4) A school district may establish a virtual program, as defined in Section 2 of this Act, for students. The local board of education of the school district that operates a virtual program shall adopt policies to address a student's failure to complete state-mandated assessments, including but not limited to kindergarten readiness screeners or assessments required under KRS 158.6453.

➔Section 6. (1) For the purposes of this section, "virtual program" means a program offered by a public school district in which all courses in the program are virtual, do not include regular in-person instruction, and are designed as an alternative to traditional in-person school programs.

(2) Until June 30, 2028, the commissioner of the Kentucky Department of Education, the Kentucky Board of Education, and the Kentucky Department of Education shall not establish or implement, or require a school district to implement, any cap, limitation, or restriction on enrollment for a virtual program. Additionally, the Kentucky Department of Education and the Kentucky Board of Education shall not reduce or withhold any funds due to a school district from the fund to Support Education Excellence in Kentucky based on the district's operation of a virtual program.

(3) Until June 30, 2028, an independent school district with a virtual program enrollment of greater than 2,000 students on the effective date this Act and that has an elementary school in the lowest-performing five percent of all schools in its level based on the school's performance in the state accountability system for the 2023-2024 school year, shall not enroll more students in the district's virtual program in grades kindergarten through grade five than were enrolled in those grades on the effective date of this Act. This cap shall remain in place until all the district's elementary schools are no longer in the lowest-performing five percent. However, the district may still enroll students into the district's virtual program, notwithstanding the temporary cap in this subsection, if:

(a) The new student is a sibling of a student already enrolled in the virtual program;

(b) The new student is a dependent of a member of the Armed Forces of the United States; or

(c) The new student has demonstrated a medical need for virtual instruction as evidenced by a medical professional's written statement submitted to the district attesting the need.

(4) An independent school district with a virtual program enrollment of greater than 2,000 students on the effective date of this Act and that has a middle or high school in the lowest-performing five percent of all schools in its level based on the school's performance in the state accountability system for any school year prior to June 30, 2028, shall not enroll more students in the district's virtual program in the grades served by that school as of the last instructional day of the previous school year. The cap shall remain in place until all the district's middle or high schools are no longer in the lowest-performing five percent. However, the district may still enroll students into the districts virtual program, notwithstanding the temporary cap in this subsection, if:

(a) The new student is a sibling of a student already enrolled in the virtual program;

(b) The new student is a dependent of a member of the Armed Forces of the United States; or

(c) The new student has demonstrated a medical need for virtual instruction as evidenced by a medical professional's written statement submitted to the district attesting the need.

➔Section 7. Whereas support and relief for school districts, virtual programs, and the students enrolled therein is imperative, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Became law without Governor's signature March 27, 2025.

CHAPTER 95

(SB 136)

AN ACT relating to transportation and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 186A.035 is amended to read as follows:

(1) (a) Except for vehicles described in paragraph (b) of this subsection, all motor vehicles, including motorcycles, with a gross vehicular weight of ten thousand (10,000) pounds or less, first registered, or for which the registration is renewed, shall be placed in a system of year-round registration based upon the birth date of the owner, in order to distribute the work of registering motor vehicles as uniformly as practicable throughout the twelve (12) months of the year.

(b) Owners of the following motor vehicles may elect to register these vehicles on an annual registration schedule of April 1 to March 31:

1. Farm vehicles registered under KRS 186.050(4); or

2. Motor vehicles with a gross vehicular weight of ten thousand (10,000) pounds or less that are owned by a business.

(2) (a) If the owner of a motor vehicle is other than an individual, the month in which the owning entity came into being shall be used for purposes of this section.

(b) Except for motor vehicles jointly owned by spouses under paragraph (c) of this subsection, if a motor vehicle is jointly owned:

1. One (1) of the owners, who is a resident of Kentucky, shall be identified as the designated owner;

2. The designated owner shall indicate to the county clerk his or her birth date to be used for purposes of this section; and

3. If the circumstances of ownership change and the designated owner is no longer an owner of the motor vehicle or no longer a resident of Kentucky, another owner may title the motor vehicle in his or her name if that owner is a resident of Kentucky. If none of the remaining owners are a resident of Kentucky, one (1) of the owners shall title the vehicle in that owner's state of residence.

(c) If a motor vehicle is jointly owned by a married couple, the ownership shall exist as a joint tenancy with right of survivorship, unless the registration expressly states to the contrary and gives an alternative specific status. One (1) of the owners shall indicate to the county clerk his or her birth date to be used for purposes of this section. Upon the death of one (1) of the spouses, the jointly-owned vehicle shall transfer to the surviving spouse free from payment of any state-required transfer fees. ***The surviving spouse shall include a copy of the death certificate with the application for a new title.***

(d) A certificate of title:

1. May bear the connector "AND" to designate joint ownership. If the "AND" connector is used, the signatures of all owners shall be required to transfer the certificate of title;

2. May bear the connector "OR" to designate joint ownership. If the "OR" connector is used, the signature of only one (1) owner shall be required to transfer the certificate of title; and

3. Shall not bear the connector "AND/OR" to designate joint ownership. If a title produced prior to the effective date of this Act bears the connector "AND/OR," the cabinet and the county clerk shall follow the procedures in subparagraph 1. of this paragraph in transferring the certificate of title, unless directed otherwise by a court.

(3) The certificate of registration and license plate issued for a motor vehicle first registered, renewed, or titled in this state shall be valid until the expiration date on the registration receipt, unless revoked in accordance with KRS 186A.040 or canceled by the cabinet in accordance with KRS Chapter 186 or this chapter. Any transaction relating to registration or registration renewal which would cause an unexpired Kentucky motor vehicle license plate to be surrendered shall have that unexpired fee prorated or credited against any additional fee required by a subsequent registration.

(4) Except for vehicles registered under subsection (1)(b) of this section, KRS 186.041, 186.042, and 186.162 that have a specified, universal expiration date, after a motor vehicle has been initially placed in the system of year-round registration, the owner shall renew the registration annually during the owner's birth month, either by making application to the county clerk or on the cabinet's website, and paying the fee required for twelve (12) consecutive months of registration, which shall take effect on the first day of the month succeeding the owner's birth month and shall expire on the last day of the owner's next birth month. The county clerk shall collect the fees set forth in KRS 186.040(1) and (6) for each renewal.

(5) At least forty-five (45) days prior to the expiration of the registration of any motor vehicle previously registered in the Commonwealth as provided by subsection (1) of this section, the owner of the vehicle shall be notified by mail or email on the same notice required by KRS 134.805(5) of the date of expiration. Nonreceipt of the notice required by this subsection shall not constitute a defense to any registration-related offense.

(6) Any owner who fails to renew the registration of a motor vehicle during the month in which the previous registration expired shall, if he or she applies for renewal of the registration in some later month, pay the same fees that would have been required if the registration had been renewed in the month which the previous registration expired, and, if applicable, the reinstatement fee for a cancelled registration required under KRS 186.040.

(7) Fees which must be prorated in carrying out the intent of this section shall be prorated on the basis of twelfths of the annual registration fee. Any vehicle which is registered at any time during a month shall pay the fee required for that whole month plus any additional months of registration purchased consistent with the intent of the section.

(8) The county clerk shall ensure that the certificate of registration issued to an owner displays the month and year in which the registration period begins and the month and year of its expiration, and shall issue to the owner a decal or decals corresponding to the month and year of expiration shown in the certificate of registration which shall be placed upon the corresponding license plate by the owner in the manner required by administrative regulations of the Department of Vehicle Regulation.

➔Section 2. KRS 186A.115 is amended to read as follows:

(1) (a) Except as otherwise provided in this section, the owner of every vehicle brought into this state and required to be titled in this state shall, before submitting his or her application for title to the county clerk, have the vehicle together with his or her application for title and its supporting documents inspected by a certified inspector in the county in which the application for title is to be submitted to the county clerk.

(b) An owner of a military surplus vehicle seeking title in this state shall, before submitting his or her application for title to the county clerk, have the vehicle together with his or her application for title and its supporting documents inspected by a certified inspector in the county in which the application for title is to be submitted to the county clerk.

(2) For inspections under this section:

(a) The certified inspector shall be certified through the Department of Vehicle Regulation following requirements set forth by the department by regulation and shall be designated by the county sheriff if the inspector is a current member of his or her office or a special inspector appointed pursuant to KRS 70.030. The certified inspector will be held responsible for all certifications required pursuant to this

chapter and will be liable for any and all penalties prescribed in this chapter, and shall be available during regular office hours at any and all offices and branches that issue applications for titles;

(b) There shall be a fee for this certification, payable to the sheriff's office, and the fee shall be retained by the sheriff's office for official expenses of the office upon completion of certification, in the amount of:

1. Thirty dollars ($30) for a motor vehicle dealer that qualifies to have an employee appointed as a special inspector under paragraph (d) of this subsection;

2. Fifteen dollars ($15) for a motor vehicle dealer that does not qualify to have an employee appointed as a special inspector under paragraph (d) of this subsection; or

3. Fifteen dollars ($15) for an individual person;

(c) There shall be an additional fee of twenty dollars ($20) per trip when it becomes necessary for the certified inspector to travel to the site of the vehicle rather than bringing the vehicle to the sheriff's inspection area;

(d) A sheriff may appoint up to two (2) employees of a motor vehicle dealer that is licensed under KRS Chapter 190 and doing business in the sheriff's county as special inspectors if the motor vehicle dealer is:

1. A new motor vehicle dealer; or

2. A used motor vehicle dealer that has sold an average of one hundred (100) or more motor vehicles per month in the preceding twelve (12) months;

(e) A special inspector appointed under paragraph (d) of this subsection is only authorized to perform motor vehicle inspections and complete certified inspection forms under this section for vehicles purchased by that dealership for resale and shall have his or her special inspector status revoked if he or she is no longer an active employee of that dealership; and

(f) An inspection conducted in one (1) county within the Commonwealth of Kentucky under this subsection, and the fees paid for that inspection under this subsection, shall be honored by the certified inspector, sheriff, and county clerk in all other counties within this state. A second inspection shall not be required and additional fees shall not be required.

(3) The Transportation Cabinet may require that modifications be made to a military surplus vehicle. Any modifications required by the cabinet under this section shall be made to the military surplus vehicle prior to its inspection.

(4) The Transportation Cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A to implement the provisions of subsections (1)(b) and (3) of this section, including but not limited to vehicle modification requirements and the creation of a separate electronic inspection form. The Transportation Cabinet shall note that military vehicles were originally manufactured under the federally mandated requirements set forth in 49 C.F.R. sec. 571.7 and shall only require these vehicles to meet applicable federal motor vehicle safety standards.

(5) The following vehicles are excluded from the requirement of inspection by a certified inspector prior to titling in this state:

(a) New motor vehicles sold by a dealer licensed in this state;

(b) Vehicles required to be registered in this state by reason of lack of a reciprocity agreement with another state and for which a nonnegotiable registration document is to be issued;

(c) Motor vehicles operated by a motor carrier under a nonnegotiable certificate or permit issued by the Department of Vehicle Regulation;

(d) Motor vehicles owned by servicemen or servicewomen who are residents of Kentucky stationed outside of Kentucky may be inspected by the post provost or similar officer of the camp, post, or station. The post provost or similar officer shall submit an affidavit stating the name of the owner, the identification or serial number, the make, body style, current license or title number, if any, and state in which currently registered or titled, if any, of the motor vehicle;

(e) Motor vehicles purchased in another state by persons who are residents of Kentucky but are temporarily residing out of state for at least thirty (30) days, but not longer than nine (9) months, may after the purchase of the vehicle be inspected by the state police, a local law enforcement agency, or the vehicle

inspection program of another state. If an inspector in another state examines a vehicle under this paragraph, the purchaser may request the inspector to complete an affidavit stating the name of the owner, the vehicle identification number, the vehicle make and body style, the current state of registration, if any, and the current vehicle license or title number, if any. The Transportation Cabinet shall create an affidavit form containing at a minimum this information and shall post the form on the cabinet's internet website. A person using an inspector in another state under this paragraph shall comply with all requirements of that state's inspection program, including payment of fees charged in that state. A person registering a motor vehicle for the first time in Kentucky under this paragraph shall transmit the application for registration, all supporting documentation, and payment for registration and usage tax to the county clerk of the county in which the person resides, and upon receipt of the appropriate documentation, the county clerk shall register the vehicle; and

(f) Motor vehicles no longer located in Kentucky but which require inspection in order to issue a corrected Kentucky title due to error in vehicle identification or serial number may be inspected by an inspector authorized to inspect vehicle identification or serial number by the laws of the state or foreign country where application for a new title has been submitted.

(6) When presented to a certified inspector for inspection and to a county clerk for processing, the owner's application for a first certificate of registration or title in his or her name shall be accompanied by a current operator's license ***from Kentucky or another state*** and one (1) of the following documents as applicable:

(a) If the vehicle is a new vehicle not previously registered in this state, the properly assigned manufacturer's statement of origin for the vehicle for which registration or title is sought;

(b) If the vehicle was last registered in this state, and is a vehicle for which a title is not required in this state, a certificate of registration, or if the vehicle is one for which a certificate of title is required in this state, a properly assigned certificate of title;

(c) If the vehicle was last previously titled in another state, a properly assigned certificate of title;

(d) If the application refers to a vehicle previously registered in another country, the documents of that country establishing ownership of the vehicle;

(e) If the application refers to a vehicle last previously registered in another country by a person on active duty in the Armed Forces of the United States, the county clerk may accept on behalf of the Department of Vehicle Regulation evidence of ownership provided the applicant by the United States Department of Defense; and

(f) Except as provided in KRS 186A.072(2)(c) governing custom-built motorcycles, if the application relates to a vehicle which has been specially constructed or reconstructed, that fact shall be stated in the application, and the application shall be accompanied by the documents specified by administrative regulations of the Department of Vehicle Regulation.

(7) When requested to inspect a vehicle pursuant to this section, the certified inspector shall personally and physically inspect the vehicle, when registration or title is sought in this state, on the following points:

(a) He or she shall compare the vehicle identification number as appearing on both the vehicle identification number plate, and the federal safety standards label of the vehicle which is sought to be registered or titled, with the corresponding number inscribed on the application, and its supporting documentation, and ensure that the vehicle identification number appearing at each described location appears legitimate and that they are consistent with each other;

(b) He or she shall examine the primary odometer of the vehicle and electronically record the reading in the space provided in the inspection section of the application;

(c) After exercising due diligence in inspecting the vehicle and its supporting documentation, and finding that they appear to be in order, the certified inspector shall execute the electronic certificate of inspection according to its terms by electronically inputting in the spaces provided his or her first name, middle initial, and last name, certified inspector number, his or her title; the name of the county in which he or she serves; and the telephone number including the telephone area code of his or her agency, and enter the month, day, and year in which his or her inspection was made, certifying under penalty of forgery in the second degree the character, accuracy, and date of his or her inspection; and

(d) A certified inspector number shall not be subject to an open records request under KRS 61.870 to 61.884 unless otherwise required by a court order.

(8) The certified inspector shall refrain from executing the certificate of inspection if:

(a) He or she has not personally and physically inspected the vehicle in accordance with this section;

(b) He or she has reason to believe that the vehicle displays an unlawfully altered vehicle identification number;

(c) The application and any of its copies are illegible or otherwise improperly executed, or contain information reasonably believed to be inaccurate or fraudulent;

(d) The documentation required in support of any application is not present, or not consistent with the vehicle and the owner's application or appears fraudulent; or

(e) He or she has probable cause to believe the vehicle is stolen.

(9) (a) Inspections on motor vehicles that meet the definition of a "historic vehicle" under KRS 186.043(2) and are brought into this state shall be limited to verification of the vehicle identification number with supporting documentation for purposes of titling.

(b) Inspections on motor vehicles that meet the definition of a classic motor vehicle project as set forth in KRS 186A.510 shall be limited to verification of the vehicle identification number with supporting documentation for purposes of issuing a classic motor vehicle project certificate of title under KRS 186A.535(1).

(10) The electronic certificate of inspection shall not be handled by any person or persons other than those designated individuals within the offices of the sheriff, county clerk, or other state office.

(11) The Transportation Cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A to implement the provisions of this section, including but not limited to special inspectors classified as dealer inspectors only and the creation of an electronic certified vehicle inspection form and receipt.

➔Section 3. KRS 186A.120 is amended to read as follows:

(1) ***(a)*** Except for applications for title or salvage title using the electronic title application and registration system established under KRS 186A.017, application for a first certificate of registration or title and plate shall be made by the owner to the county clerk of the county in which the owner resides, except that, if a vehicle is purchased from:

1.~~[(a)]~~ A dealer other than in the county in which the purchaser for use resides, the purchaser, or the dealer on behalf of the purchaser, may make application for registration to the county clerk in either the county in which the purchaser resides, or in the county in which the dealer's principal place of business is located; or

2.~~[(b)]~~ An individual who resides in a county in which the purchaser does not reside, application for registration may be made to the county clerk in either the county where the seller resides or the purchaser resides.

(b) The county clerk shall ensure that all applications and required supporting documents are complete.

(c) An application received by a county clerk shall be processed and sent to the cabinet within three (3) business days of receipt.

(2) (a) When purchaser of a vehicle upon which a lien is to be recorded is a resident of a county other than that of the dealer, the application for registration or title may be made to the county clerk in either county. The lien must be recorded in the county of the purchaser's residence.

(b) If vehicle application for registration or title is presented to the county clerk of dealer's location rather than purchaser's residence, the clerk shall process documents in a manner similar to that of any application, with the exception that the AVIS system shall be programmed in a manner that the title shall not be issued from Frankfort until the lien information has been entered by the county clerk of the purchaser's residence.

(3) (a) A new vehicle, when first registered or titled in this state, shall be registered or titled in the name of the first owner for use rather than in the name of a dealer who held the vehicle for sale.

(b) Except as otherwise provided in this chapter, a used vehicle not previously registered or titled in this state shall be registered or titled in the name of the first owner for use rather than in the name of a dealer who held the vehicle for resale.

(4) If the owner of a vehicle required to be registered or titled in this state does not reside in the Commonwealth, the vehicle shall be registered or titled with the county clerk of the county in which the vehicle is principally operated.

(5) The Transportation Cabinet shall not require a member of the Armed Forces who is stationed in the Commonwealth to obtain a Kentucky operator's license in order to register a motor vehicle in the Commonwealth.

(6) If the owner of a vehicle is other than an individual and resides in the Commonwealth, the vehicle shall be registered or titled with the county clerk in either the county in which the owner resides or in the county in which the vehicle is principally operated.

➔Section 4. KRS 186A.060 is amended to read as follows:

(1) The Department of Vehicle Regulation is directed to develop, in cooperation with county clerks, auto dealers, and the Department of Revenue, Department of Insurance, and Department of Kentucky State Police, the forms required to record all information pertinent to the registration, titling, and taxation of a vehicle.

(2) The Department of Vehicle Regulation shall make every effort to minimize and reduce the amount of paperwork required to apply for, or transfer, a vehicle title. When possible, the title document itself shall be used as the primary form used to effect a transfer of vehicle ownership. The title document shall contain space exclusively reserved for a minimum of two (2) dealer assignments.

(3) When no in-state title exists, forms shall be designed by the department that require only the appropriate and essential information to effect the application for title.

(4) (a) The department shall constantly review the information needs of government agencies and other organizations with the goal of reducing or eliminating unnecessary documentation. Information being sought for application for title relevant to, but not limited to, vehicle identification, owner, buyer, usage tax, county clerk, or inspector shall be set forth by the cabinet in such a way as to promote flexibility in reaching this goal.

(b) Subject to the limitations of paragraph (c) of this subsection, an applicant for a motor vehicle title shall be required to provide his or her Kentucky operator's license number, Kentucky personal identification card number, or Social Security number as part of the application process.

(c) If a motor vehicle is jointly owned, one (1) of the owners, who is a resident of Kentucky, shall be identified as the designated owner, and only the designated owner shall be required to provide his or her Kentucky operator's license number, Kentucky personal identification card number, or Social Security number as part of the application process.

(d) Any vehicle owned by a business that is licensed by the Secretary of State shall be titled ***and registered*** using a Federal Employer Identification Number.

(e) An applicant for a motor vehicle registration shall be required to provide his or her Kentucky operator's license or Social Security number as part of the application process.

(f) If a motor vehicle has situs and is principally operated in Kentucky, and the owner does not reside in the Commonwealth, the motor vehicle shall be registered with the owner's Social Security number and out-of-state operator's license number.

(5) The use of an electronic medium shall be employed so that forms can be printed by the automated system. Existing statutory language in this chapter and KRS Chapter 186 pertaining to application, signature, forms, or application transfer record may be construed to be electronic in nature at the discretion of the cabinet as provided for by administrative regulation.

(6) Any person who knowingly enters, or attests to the entry of, false or erroneous information in pursuit of a certificate of title shall be guilty of forgery in the second degree.

➔Section 5. KRS 186A.170 is amended to read as follows:

(1) The Department of Vehicle Regulation shall:

(a) Within five (5) working days following receipt by it of an application for a certificate of title in proper form, process the application and its supporting documents in the manner provided in this section, and unless it finds discrepancies with respect to it or its supporting documents, issue a certificate of title in the name of the owner and send it postpaid to such owner;

(b) Within forty-eight (48) hours following electronic notification by a county clerk's office of an application for a certificate of title, issue a speed title which shall be held for pickup or returned to the owner by mail. The clerk shall take the application for title and process the appropriate paperwork as provided for in this chapter. Subject to the limitations outlined in paragraph (c) of this subsection, the department may provide by administrative regulation for exceptions to the speed title procedure; and

(c) Not exempt vehicles with salvage and rebuilt titles from the speed title procedures, but may extend the processing time on salvage and rebuilt title applications for which the documentation is complete and accurate for up to:

1. Fifteen (15) business days for rebuilt vehicles that have been branded as unrebuildable in another state under KRS 186A.530(5) and (6); and

2. Five (5) business days for all other salvage and rebuilt vehicles.

(2) Upon receiving an application packet from a county clerk, the~~[application receipt clerk of the]~~ Department of Vehicle Regulation ***title examiner*** shall ***verify that the application form and its supporting documents are complete.***~~[:~~

~~(a) Cause the date and time of receipt to be stamped on both the department's copy and the acknowledgment copy of the application transmittal record and accompanying documents;~~

~~(b) Cause at least duplicate sets of images to be made of each transmittal record application and supporting document by a means that will provide rapid, selective, automated retrieval of individual document images by appropriate indexing methods or keys; and~~

~~(c) Compare the application transmittal record with the documents accompanying it and, if all applications shown upon the record are accompanying the record, endorse the department's copy of the transmittal record and the acknowledgment copy, and forward the acknowledgment copy to the clerk who issued it.]~~

(3) In the event there is a discrepancy between the application ***form and the supporting documents***~~[transmittal record and the application attached to it]~~, the Department of Vehicle Regulation shall ***stop the application process***~~[note the discrepancy upon the department's copy and the acknowledgment copy]~~, and ~~[shall]~~promptly contact the issuing clerk ***to***~~[and]~~ resolve the discrepancy. After resolving the discrepancy, the ***clerk shall resubmit the application for further review and approval***~~[department shall note the nature of the disposition of the discrepancy and endorse the respective copies and forward the acknowledgment copy with the discrepancy disposition noted thereon to the issuing clerk]~~.

(4) ~~[After executing the acknowledgment of receipt of applications,]~~The Department of Vehicle Regulation shall carry out the following action with respect to each application:

(a) Examine the owner's application for legibility and proper execution, presence of required information, including required supporting documents, and the presence of required signatures. The Department of Vehicle Regulation shall ensure also that the required supporting documents are consistent in pertinent part with the information shown on the owner's application;

(b) The documents supporting an owner's application shall be examined as to authenticity and to determine if fraudulent alteration has occurred;

(c) Ensure that the vehicle identification number of the subject vehicle is apparently legitimate;

(d) Ensure that the vehicle identification number and any other appropriate information with respect to a vehicle for which a certificate of title has been applied for is compared against the National Crime Information Center (NCIC) computerized listings of vehicles reported stolen, unless NCIC is not operational and the department has official notification that it is not expected to be operational within four (4) working days following the day on which an application for a certificate of title is received by it; and

(e) Compare the computer-produced certificate of title for consistency with the owner's application and supporting documents.

(5) ~~[When the title application has been completed, and the application examiner at each significant stage has indicated, by placing his or her unique symbol upon the application in the space provided thereon, that an application has passed the required examinations, the application shall be examined by a title examination certifier.~~

~~(6) ~~]The title application ***examiner***~~[certifier]~~ shall ensure that each application has received the required examinations as indicated by the presence of each required ***approval via the application***~~[examiner's symbol]~~. Upon satisfying himself or herself that an application has passed the required examinations, the title examination certifier shall place his or her ***approval in KAVIS***~~[unique symbol]~~ together with the date upon the application.

(6)~~[(7)]~~ The Department of Vehicle Regulation shall withhold issuance of a title, until its questions are resolved to its satisfaction, when it finds material discrepancies or has information giving probable cause to believe:

(a) That an applicant is not the lawful owner of a vehicle for which he or she seeks a title;

(b) His or her application is not in order;

(c) The documentation supporting an application is insufficient or fraudulent;

(d) The vehicle has an illegitimate vehicle identification number;

(e) The vehicle is stolen; or

(f) That the computer-produced certificate of title is not consistent with the owner's application.

(7)~~[(8)]~~ In the case of multiple owners, the Department of Vehicle Regulation shall require only two (2) primary owners' names to be printed on the certificate of title. Upon submission of the title application, if more than two (2) owners are listed, the primary owners shall be determined by the title applicants. In such instances, the certificate of the title shall note that there are more than two (2) owners. The names of all title applicants shall be documented in AVIS.

(8)~~[(9)]~~ When the Department of Vehicle Regulation finds that a certificate of title should be issued for a vehicle, the endorsement of the commissioner of the Department of Vehicle Regulation shall be engrossed upon the certificate of title following a preprinted statement which shall read: I certify that the Department of Vehicle Regulation has exercised due diligence in examining an application for a certificate of title for the above-described vehicle, and to the best of our knowledge and belief, the applicant whose name appears above is the lawful owner of the apparently legitimate vehicle described herein. ---------- (signature), commissioner, Department of Vehicle Regulation, Kentucky Transportation Cabinet.

➔Section 6. KRS 186A.190 is amended to read as follows:

(1) Except as provided in subsection (6) of this section and in KRS 355.9-311(4), the perfection of a security interest in any property for which has been issued a Kentucky certificate of title shall be by notation on the certificate of title which shall be deemed to have occurred when the provisions of subsection (3) of this section have been complied with. Discharge of a security interest shall be by notation on the certificate of title. Notation shall be made by the entry of information required by subsection (9) of this section into the Automated Vehicle Information System. The notation of the security interest on the certificate of title shall be in accordance with this chapter and shall remain effective from the date on which the security interest is noted on the certificate of title for a period of ten (10) years, or, in the case of a manufactured home, for a period of thirty (30) years, or until discharged under this chapter and KRS Chapter 186. The filing of a continuation statement within the six (6) months preceding the expiration of the initial period of a notation's effectiveness extends the expiration date for five (5) additional years, commencing on the day the notation would have expired in the absence of the filing. Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the initial notation.

(2) A motor vehicle dealer, a secured party or its representative, an assignee of a retail installment contract lender, the cabinet, or a county clerk shall rely on a county of residence designated by the debtor on any approved, notarized state form utilized in lien titling or the title transfer process signed by the debtor. Reliance on the foregoing by the motor vehicle dealer, secured parties, cabinet, and county clerk shall relieve those persons from liability to any third party claiming failure to comply with this section.

(3) Except as provided in subsection (6) of this section, the notation of security interests relating to property required to be titled under this chapter in Kentucky through the cabinet shall be done in the office of a county clerk. The notation of a security interest shall reflect the county in which the debtor resides as determined by subsections (2) and (4) of this section. The security interest shall be deemed to be noted on the certificate of title and perfected, or deemed perfected at the time the security interest attaches as provided in KRS 355.9-203, if in compliance with KRS 186A.195***(8)***~~[(7)]~~, when a title lien statement:

(a) Is received by the county clerk, together with the required fees;

(b) Describes the titled vehicle, or vehicle to be titled, by year, model, make, and vehicle identification number;

(c) Provides the name of the secured party, or a representative of the secured party, together with the additional information about the secured party required by subsection (9) of this section with reasonable particularity; and

(d) Includes the date and time-stamped entry of the notation of the security interest by the county clerk of the required information in the Automated Vehicle Information System (AVIS), or its successor title processing system maintained by the Division of Motor Vehicle Licensing of the Transportation Cabinet.

(4) Except as provided in subsection (6) of this section, if the debtor is other than a natural person, the following provisions govern the determination of the county of the debtor's residence:

(a) A partnership shall be deemed a resident of the county in which its principal place of business in this state is located. If the debtor does not have a place of business in this state, then the debtor shall be deemed a nonresident for purposes of filing in this state;

(b) A limited partnership organized under KRS Chapter 362 or as defined in KRS 362.2-102(14) shall be deemed a resident of the county in which its principal place of business is located, as set forth in its certificate of limited partnership or most recent amendment thereto filed pursuant to KRS Chapter 362 or 362.2-202. If the office is not located in this state, the debtor shall be deemed a nonresident for purposes of filing in this state;

(c) A limited partnership not organized under the laws of this state and authorized to do business in this state shall be deemed a resident of the county in which the office of its process agent is located, as set forth in the designation or most recent amendment thereto filed with the Secretary of State of the Commonwealth of Kentucky;

(d) A corporation organized under KRS Chapter 271B, 273, or 274 or a limited liability company organized under KRS Chapter 275 shall be deemed a resident of the county in which its registered office is located, as set forth in its most recent corporate filing with the Secretary of State which officially designates its current registered office;

(e) A corporation not organized under the laws of this state, but authorized to transact or do business in this state under KRS Chapter 271B, 273, or 274, or a limited liability company not organized under the laws of this state, but authorized to transact business in this state under KRS Chapter 275, shall be deemed a resident of the county in which its registered office is located, as set forth in its most recent filing with the Secretary of State which officially designates its current registered office;

(f) A cooperative corporation or association organized under KRS Chapter 272 shall be deemed a resident of the county in which its principal business is transacted, as set forth in its articles of incorporation or most recent amendment thereto filed with the Secretary of State of the Commonwealth of Kentucky;

(g) A cooperative corporation organized under KRS Chapter 279 shall be deemed a resident of the county in which its principal office is located, as set forth in its articles of incorporation or most recent amendment thereto filed with the Secretary of State of the Commonwealth of Kentucky;

(h) A business trust organized under KRS Chapter 386 shall be deemed a resident of the county in which its principal place of business is located, as evidenced by the recordation of its declaration of trust in that county pursuant to KRS Chapter 386;

(i) A credit union organized under Subtitle 6 of KRS Chapter 286 shall be deemed a resident of the county in which its principal place of business is located, as set forth in its articles of incorporation or most recent amendment thereto filed with the Secretary of State of the Commonwealth of Kentucky; and

(j) Any other organization defined in KRS 355.1-201 shall be deemed a resident of the county in which its principal place of business in this state is located, except that any limited liability company, limited liability partnership, limited partnership, or corporation not organized under the laws of this state and not authorized to transact or do business in this state shall be deemed a nonresident for purposes of filing in this state. If the organization does not have a place of business in this state, then it shall be deemed a nonresident for purposes of filing in this state.

If the debtor does not reside in the Commonwealth, the notation of the security interest shall be done in the office of the county clerk in which the property is principally situated or operated. Notwithstanding the

existence of any filed financing statement under the provisions of KRS Chapter 355 relating to any property registered or titled in Kentucky, the sole means of perfecting and discharging a security interest in property for which a certificate of title is required by this chapter is by notation on the property's certificate of title under the provisions of this chapter or in accordance with the provisions of KRS 186.045(3). In other respects the security interest is governed by the provisions of KRS Chapter 355.

(5) Except as provided in subsection (6) of this section, before ownership of property subject to a lien evidenced by notation on the certificate of title may be transferred, the transferor shall obtain the release of the prior liens in his or her name against the property being transferred. Once a security interest has been noted on the owner's title, a subsequent title shall not be issued by any county clerk free of the notation unless it has been noted in the system of record established under KRS 186A.195 that the security interest has been discharged. If this requirement is met, information relating to any security interest shown on the title as having been discharged may be omitted from the title to be issued by the clerk. If information relating to the discharge of a security interest is presented to a clerk under the provisions of KRS 186.045(3), the clerk shall discharge the security interest and remove the lien information from AVIS.

(6) Notwithstanding subsections (1) to (5) of this section, a county clerk shall, following inspection of the vehicle by the sheriff, to determine that the vehicle has not been stolen, issue a new ownership document to a vehicle, clear of all prior liens, to a person after he or she provides to the county clerk an affidavit devised by the Transportation Cabinet and completed by the person. The ownership document presented as a result of this affidavit shall be in accordance with subsection (7) of this section. In the affidavit, the affiant shall attest that:

(a) The affiant or the agent of the affiant possesses the vehicle;

(b) Before he or she provided the notices required by paragraphs (c) and (d) of this subsection:

1. A debt on the vehicle has been owed him or her for more than thirty (30) days;

2. Within thirty (30) days of payment of damages by an insurance company and receipt by the current owner of the motor vehicle or lienholder of damages pursuant to a claim settlement which required transfer of the vehicle to the insurance company, the insurance company has been unable to obtain:

a. A properly endorsed certificate of title on the vehicle from the current owner; and

b. If applicable, any lien satisfactions; or

3. a. The vehicle was voluntarily towed or transported pursuant to a request of the current owner or an insurance company that a motor vehicle dealer, licensed as a used motor vehicle dealer and motor vehicle auction dealer, take possession of and store the motor vehicle in the regular course of business; and

b. Within forty-five (45) days of taking possession of the motor vehicle, the motor vehicle dealer has not been paid storage fees by the current owner or lienholder and has not been provided both a properly endorsed certificate of title and if applicable, any lien satisfactions;

(c) More than thirty (30) days before presenting the affidavit to the county clerk, the affiant attempted to notify the owner of the vehicle and all known lienholders, including those noted on the title, by certified mail, return receipt requested, or by a nationally recognized courier service, of his or her name, address, and telephone number as well as his or her intention to obtain a new title or salvage title, as applicable, clear of all prior liens, unless the owner or a lienholder objects in writing;

(d) More than fourteen (14) days before presenting the affidavit to the county clerk, the affiant had published a legal notice stating his or her intention to obtain title to the vehicle. The legal notice appeared at least twice in a seven (7) day period in a newspaper with circulation in the county. The legal notice stated:

1. The affiant's name, address, and telephone number;

2. The owner's name;

3. The names of all known lienholders, including those noted on the title;

4. The vehicle's make, model, and year; and

5. The affiant's intention to obtain title to the vehicle unless the owner or a lienholder objects in writing within fourteen (14) days after the last publication of the legal notice; and

(e) Neither the owner nor a lienholder has objected in writing to the affiant's right to obtain title to the vehicle.

(7) (a) If subsection (6)(b)1. of this section applies, the new ownership document shall be a title.

(b) If subsection (6)(b)2. or 3. of this section applies, the new ownership document shall be a salvage title if the vehicle meets the requirements for a salvage title as stated in KRS 186A.520(1)(a).

(c) If subsection (6)(b)2. or 3. of this section applies and the vehicle does not meet the requirements for a salvage title as stated in KRS 186A.520(1)(a), the new ownership document shall be a title.

(8) No more than two (2) active security interests may be noted upon a certificate of title.

(9) In noting a security interest upon a certificate of title, the county clerk shall ensure that the certificate of title bears the lienholder's name, mailing address and zip code, the date the lien was noted, the notation number, and the county in which the security interest was noted. The clerk shall obtain the information required by this subsection for notation upon the certificate of title from the title lien statement described in KRS 186A.195.

(10) For all the costs incurred in the notation and discharge of a security interest on the certificate of title, the county clerk shall receive the fee prescribed by KRS 64.012. The fee prescribed by this subsection shall be paid at the time of submittal of the title lien statement described in KRS 186A.195.

(11) A copy of the application, certified by the county clerk, indicating the lien will be noted on the certificate of title shall be forwarded to the lienholder.

(12) (a) Any lien or security interest filed under this chapter may be electronically transmitted to the cabinet through the electronic title application and registration system.

(b) Notwithstanding the provisions of this section, KRS 186A.015, and 186A.074 that require a lien to be noted on the face of the title, if there are one (1) or more liens on a motor vehicle, the cabinet may electronically notify the first lienholder of any additional liens.

(c) Subsequent lien satisfactions may be electronically transmitted to the cabinet and shall include the name and address of the person satisfying the lien.

(d) When liens and lien satisfactions are electronically transmitted, a clean certificate of title shall not be issued until the last lien is satisfied.

(e) A duly certified copy of the cabinet's electronic record of the lien shall be admissible in any civil, criminal, or administrative proceedings in this state as evidence of the existence of the lien.

(13) If a security interest expires without being renewed, the cabinet shall remove the lien from the certificate of title in the AVIS system.

➔Section 7. KRS 186A.195 is amended to read as follows:

(1) As used in this section, submission of a title lien statement refers to the presentation of a title lien statement, along with the fees required under KRS 64.012(1)(b), to the cabinet through any county clerk's office in the Commonwealth.

(2) ***A title lien statement bearing an electronic signature, as defined in KRS 369.102, shall be accepted in accordance with KRS 369.107 and shall not require notarization.***

(3) Upon submission of a title lien statement, the county clerk shall use the information on the form to note the security interest on the certificate of title in accordance with KRS 186A.190(9). Title lien statements may be made available to the general public. However, public availability of a title lien statement shall not be considered necessary or effective to perfect a security interest in property required to be registered or titled in accordance with this chapter.

(4)~~[(3)]~~ (a) If the submission of a title lien statement accompanies the application for first title of any property in the name of an owner, the county clerk shall enter the information required by KRS 186A.190(9) into the system of record so as to allow the cabinet to:

1. Use the system of record as a centralized, statewide repository for lien filings; and

2. Produce a certificate of title bearing the information designated by KRS 186A.190(9), as well as any other information required by the cabinet.

(b) After the information has been entered, the county clerk shall produce a certificate of registration, if required.

(5) ~~[(4)]~~ (a) If the form prescribed by KRS 186A.060 indicates a pending lien, but the title lien statement does not accompany the application for title, the county clerk shall enter into the system of record the name and address of the lienholder or that a lien is pending. The county clerk shall indicate a title shall not be issued until either the title lien statement and the required fees are submitted, or in thirty (30) days, whichever occurs first. The county clerk shall then issue the registration.

(b) After submission of the title lien statement, the county clerk shall enter the date of lien notation and the notation number into the system of record, enabling the cabinet to record the lien in the system of record and produce a title.

(6) ~~[(5)]~~ If a certificate of title is issued after the thirty (30) day time window identified in subsection ***(5)*** ~~[(4)]~~ of this section has expired without the notation of a security interest, or if a title has been issued because there was no provision made for a lien to be noted within thirty (30) days, a secured party wishing to note a security interest on a title shall submit a title lien statement. The county clerk shall enter the information required by KRS 186A.190(9) into the system of record and a new certificate of title reflecting the security interest shall be produced.

(7) ~~[(6)]~~ The fee for the filing of a title lien statement through the electronic title application and registration system shall be transferred electronically to the county clerk of the county in which the debtor resides.

(8) ~~[(7)]~~ The security interest noted on the certificate of title shall be deemed perfected at the time the security interest attaches in accordance with KRS 355.9-203 if the secured party submits a properly completed title lien statement with application for first title or, in the case of property previously titled in the name of the debtor, within thirty (30) days of attachment. Otherwise, the security interest shall be deemed perfected at the time that the title lien statement is submitted.

➔Section 8. KRS 186A.145 is amended to read as follows:

(1) Except as provided in subsections (2) and (3) of this section, a county clerk shall not process an application for Kentucky title and registration from or to any Kentucky resident who has a delinquent motor vehicle ad valorem property tax account.

(2) This section shall not apply to transactions involving:

(a) Licensed Kentucky motor vehicle dealers;

(b) A person who is engaged in the business of storing or towing motor vehicles, applying for a new title under KRS 376.275(1)(c);

(c) Individuals when the delinquent motor vehicle ad valorem property taxes are owed by a previous owner who is not a party to the transaction; or

(d) ~~[(c)]~~ A secured party applying for a repossession title under KRS 186.045(6).

(3) (a) For any vehicle obtained as the result of a claim on a motor vehicle insurance policy, an insurer and its agent shall not be responsible for the payment of any delinquent motor vehicle ad valorem property taxes owed by any previous owner, when:

1. Applying for a regular or salvage title; or

2. Transferring ownership of the vehicle to another party.

(b) The owner of a motor vehicle that was transferred to an insurer or its agent under paragraph (a) of this subsection shall remain responsible for any delinquent motor vehicle ad valorem property taxes owed prior to the transfer.

(4) An insurer shall not be exempt from any motor vehicle ad valorem property taxes owed on any vehicle that it owns:

(a) As a part of its business operations; or

(b) On January 1, that was obtained as the result of a claim on a motor vehicle insurance policy.

➔Section 9. KRS 186A.100 is amended to read as follows:

(1) A motor vehicle dealer licensed under KRS 186.070 who sells a vehicle for use upon the highways of this state ***or another state*** shall equip the vehicle with a temporary tag executed in the manner prescribed below, which shall be valid for sixty (60) days from the date the vehicle is delivered to the purchaser. The cost of the tag shall be two dollars ($2), of which the clerk shall retain one dollar ($1). A motor vehicle dealer licensed under KRS 186.070 shall apply to the county clerk of the county in which the dealer maintains his ***or her*** principal place of business for issuance of temporary tags. Application shall be made for such tags on forms supplied to the county clerk by the Transportation Cabinet.

(2) The county clerk of any county who receives a proper application for issuance of temporary tags shall record the number of each tag issued upon the application of the dealer for ***temporary***~~[such]~~ tags, or if a group of consecutively numbered temporary tags are issued to a dealer in connection with a single application, record the beginning and ending numbers of the group on the application.

(3) The clerk shall retain, for a period of two (2) years, one (1) copy of the dealer's temporary tag application, and ensure that it reflects the numbers appearing on the tags issued with respect to ***the***~~[such]~~ application. ***These copies may be kept by the county clerk in an electronic format.***

(4) If the owner of a motor vehicle submits to the county clerk a properly completed application for Kentucky certificate of title and registration pursuant to KRS 186A.120, any motor vehicle required to be registered and titled in Kentucky, that is not currently registered and titled in Kentucky, may be equipped with a temporary tag, which shall be valid for sixty (60) days from the date of issuance, issued by the county clerk for the purpose of operating the vehicle in Kentucky while assembling the necessary documents in order to title and register the vehicle in Kentucky. The Transportation Cabinet may ***promulgate***~~[establish]~~ administrative regulations governing this section.

(5) The county clerk may issue a temporary tag to the owner of a motor vehicle that is currently registered and titled in Kentucky. A temporary tag authorized by this subsection shall be used for emergency or unusual purposes as determined by the clerk for the purpose of maintaining the owner's current registration. A temporary tag authorized by this subsection may only be issued by the county clerk and shall be valid for a period of between twenty-four (24) hours and seven (7) days, as determined is necessary by the clerk. A county clerk shall not issue a temporary tag authorized by this subsection unless the owner of the motor vehicle applying for the tag presents proof of motor vehicle insurance pursuant to KRS 304.39-080. ~~[On and after January 1, 2006,]~~If the motor vehicle is a personal motor vehicle as defined in KRS 304.39-087, proof of insurance shall be determined by the county clerk as provided in KRS 186A.042. A temporary tag issued pursuant to this subsection shall not be reissued by the county clerk for the same owner and same motor vehicle within one (1) year of issuance of a temporary tag.

➔Section 10. KRS 186A.017 is amended to read as follows:

(1) The cabinet shall establish an electronic title application and registration system which allows the submission of the required forms and signatures electronically in lieu of the paper application process for titles and salvage titles.

(2) The electronic title application and registration system established under this section shall:

(a) Collect all the necessary information required under KRS 186A.060;

(b) Collect and electronically transmit all fees imposed under KRS 186.040, 186.050, 186.162, and 186A.130, any fees imposed under subsection ***(7)***~~[(6)]~~ of this section, and the motor vehicle use tax levied under KRS 138.460;

(c) Accept electronic signatures which satisfy the requirements of KRS 369.101 to 369.120; and

(d) Transmit the information in a secure manner.

(3) An approved entity that wishes to use the electronic title application and registration system shall transmit all application documents, required electronic signatures, and fees through the system to the county clerk of the county in which either the purchaser of the vehicle resides or the motor vehicle dealer selling the vehicle is located.

(4) ***When***~~[if]~~ the electronic title application and registration ***system*** is ***fully implemented***~~[operational]~~, a county clerk who receives an application transmitted through the system shall, by 3 p.m. the next business day, either:

(a) Accept the application and forward it to the cabinet; or

(b) Reject the application and return it to the approved entity.

(5) If a county clerk is required to manually enter information from an application into AVIS before forwarding it to the cabinet, the title application and registration system shall not be considered fully implemented. The cabinet shall make the determination of whether the title application and registration system shall be considered fully implemented.

(6)~~[(4)]~~ An entity that wishes to become an approved entity for the purposes of this chapter shall submit an application to the cabinet, along with a one hundred fifty dollar ($150) application fee. If approved, the entity shall pay an annual registration fee to the cabinet. All fees collected under this subsection shall be deposited into the road fund.

(7)~~[(5)]~~ The cabinet shall enter into contracts with qualified third-party providers to integrate with AVIS and other systems to provide software and programs to approved entities to facilitate electronic vehicle registration, titling, and filing of title lien statements. A third party that contracts with the cabinet under this section may act on behalf of the cabinet and county clerks in receiving, processing, and transmitting to the county clerk title and registration applications, salvage title applications, title lien statements, and related documents and fees.

(8)~~[(6)]~~ Any agreement with the cabinet and a third-party provider under subsection ***(7)***~~[(5)]~~ of this section shall authorize an online transaction fee to be charged by the third-party provider to an approved entity. A motor vehicle dealer licensed under KRS Chapter 190 who uses the electronic title application and registration system to file the documentation necessary to obtain a certificate of title, salvage title, or registration for the purchaser of a vehicle shall collect from the purchaser any fees charged for the transaction by the third-party provider. The dealer shall remit fees collected under this subsection to the county clerk through the electronic title application and registration system. Except for salvage title applications, any transaction fee charged under this subsection shall be listed separately on the buyer's order and identified as "online system filing fee."

(9)~~[(7)]~~ The cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A to establish qualifications for approved entities and procedures for the electronic title application and registration system.

➔Section 11. KRS 186A.220 is amended to read as follows:

(1) Except as otherwise provided in this chapter, when any motor vehicle dealer licensed in this state buys or accepts~~[such]~~ a ***motor*** vehicle ***or all-terrain vehicle as defined in KRS 189.010*** in trade, which has been previously registered or titled for use in this or another state, and which ***the dealer***~~[he]~~ holds for resale, ***the dealer***~~[he]~~ shall not be required to obtain a certificate of title for it, but shall, within fifteen (15) days after acquiring such vehicle, notify the county clerk of the assignment of the motor vehicle to his ***or her*** dealership and pay the required transferor fee.

(2) Upon purchasing~~[such]~~ a ***motor*** vehicle ***or all-terrain vehicle,*** or accepting it in trade, the dealer shall obtain from ***the***~~[his]~~ transferor, properly executed, all documents required by KRS 186A.215, to include the odometer disclosure statement thereon, together with a properly assigned certificate of title.

(3) The dealer shall execute ***the***~~[his]~~ application for assignment upon documents designated by the Department of Vehicle Regulation, to the county clerk of the county in which ***the dealer***~~[he]~~ maintains his ***or her*** principal place of business. ***The***~~[Such]~~ clerk shall enter the assignment ***into AVIS***~~[upon the automated system]~~.

(4) The dealer shall retain the properly assigned certificate of title received from ***the***~~[his]~~ transferor, and may make any reassignments ***on the title***~~[thereon]~~ until the forms for dealer assignment on the certificate of title are exhausted. The Department of Vehicle Regulation may, if it deems it warranted, provide a special document to allow for additional dealer assignments without requiring system generated documents.

(5) (a) When a dealer assigns the vehicle to a purchaser for use, ***the dealer***~~[he]~~ shall deliver the properly assigned certificate of title, and other documents if appropriate, to ***the***~~[such]~~ purchaser, who shall make application for registration and a certificate of title~~[thereon]~~.

(b) The dealer may, with the consent of the purchaser, deliver the assigned certificate of title, and other appropriate documents of a new or used vehicle, directly to the county clerk, and on behalf of the purchaser, make application for registration and a certificate of title. In so doing, the dealer shall require from the purchaser proof of insurance as mandated by KRS 304.39-080 before delivering possession of the vehicle.

(c) Notwithstanding the provisions of KRS 186.020, 186A.065, 186A.095, 186A.215, and 186A.300, if a dealer elects to deliver the title documents to the county clerk and has not received a clear certificate of title from a prior owner, the dealer shall retain the documents in his ***or her*** possession until the certificate of title is obtained.

(d) When a dealer assigns a vehicle to a purchaser for use under paragraph (a) of this subsection, the transfer and delivery of the vehicle is effective immediately upon the delivery of all necessary legal documents, or copies thereof, including proof of insurance as mandated by KRS 304.39-080.

(6) The department may make available, upon proper application from a licensed motor vehicle dealer, electronic means by which the dealer can interface directly with AVIS and the department. If the department grants this access, all fees currently required for the issuance of a certificate of title shall continue to be charged and remitted to the appropriate parties as provided by statute.

(7) The Department of Vehicle Regulation shall ***ensure***~~[assure]~~ that ***AVIS***~~[the automated system]~~ is capable of accepting instructions from the county clerk that a certificate of title shall not be produced under a dealer registration situation.

➔SECTION 12. A NEW SECTION OF SUBTITLE 20 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

(1) Prior to the effective date of the use of the nationally accepted used car valuation guides or tools identified under subsection (2) of this section, a property, casualty, or property and casualty insurer shall use any nationally accepted used car valuation guide or tool available to the insurer when determining the retail value of a wrecked, destroyed, or damaged motor vehicle under KRS Chapter 186A.

(2) By July 1, 2025, the commissioner shall promulgate an emergency administrative regulation and an ordinary administrative regulation in accordance with KRS Chapter 13A that identifies the nationally accepted used car valuation guides or tools that are available to, and shall be used by, property, casualty, and property and casualty insurers when determining the retail value of a wrecked, destroyed, or damaged motor vehicle under KRS Chapter 186A.

➔Section 13. KRS 186A.295 is amended to read as follows:

(1) (a) Any person or entity having a motor vehicle or trailer that has been destroyed, to the extent that its repair cannot be obtained through usual commercial repair services, at a cost less than its retail value as ***prescribed by a nationally accepted used car valuation guide or tool identified under Section 12 of this Act***~~[established from a value manual approved by the Department of Revenue]~~, or from which two (2) or more parts which typically bear a vehicle identification number placed thereon by the manufacturer have been removed, or which he ***or she*** removes, shall surrender the certificate of title for ***the***~~[such]~~ vehicle for which he ***or she*** has a certificate of title in his***, or her,*** or another name, to the county clerk of the county in which ***the***~~[such]~~ vehicle is located. The clerk shall immediately forward the surrendered title to Frankfort with instructions for canceling the title.

(b) Any person or entity engaged in the sale of used motor vehicle or trailer parts, or the recycling or salvage of them, shall surrender the certificate of title for any vehicle in his ***or her*** possession, and for which he ***or she*** has a certificate of title, whether in his ***or her*** or another name, if ***the***~~[such]~~ vehicle is destroyed within the meaning of paragraph (a) of this subsection, or from which two (2) or more parts which typically bear a vehicle identification number placed thereon by a manufacturer have been removed, or which he ***or she*** removes, to the county clerk of the county in which ***the***~~[such]~~ vehicle is located. The clerk shall immediately forward the surrendered title to Frankfort with instructions for canceling the title.

(c) The surrender of the certificate of title pursuant to this section shall be made within ten (10) working days, next succeeding the day when ***the***~~[such]~~ vehicle was received, destroyed, or next succeeding the day during which ***a***~~[such]~~ second part was removed.

(2) Each county clerk shall receive without charge, a certificate surrendered in accordance with this section, cancel it, and remit it to the Department of Vehicle Regulation, and take any other action related to it, as required by the Department of Vehicle Regulation.

➔Section 14. KRS 186A.520 is amended to read as follows:

(1) Except as provided in KRS 186A.555, a salvage title shall be obtained by the owner of a motor vehicle that meets the following definition of a salvage vehicle:

(a) A vehicle which has been wrecked, destroyed, or damaged, to the extent that the total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its preaccident condition and for legal operation on the roads or highways, not including the cost of parts and labor to reinstall a deployed airbag system, exceeds seventy-five percent (75%) of the retail value of the vehicle, as prescribed by a nationally accepted used car valuation guide ***or tool*** identified ***under Section 12 of this Act*** ~~[by the Department of Revenue by administrative regulation]~~.

(b) The value of repair parts for purposes of this definition shall be determined by using the current published retail cost of the parts equal in kind and quality to the parts to be replaced or the actual retail cost of the repair parts used in repair.

(c) The labor costs of repairs for purposes of this section shall be computed by using the hourly labor rate and time allocations which are reasonable and customary in the automobile repair industry in the community where the repairs are performed.

(d) Airbag reinstallation costs which are excluded from the seventy-five percent (75%) computation as set forth in paragraph (a) of this subsection shall be included by an insurer in the computation of the total physical damage estimate according to the terms and conditions of individual policies, provided that the total costs payable by an insurer do not exceed the total retail value of the vehicle.

(2) The owner or an authorized agent of a motor vehicle that meets the definition of a salvage vehicle as set forth in subsection (1) of this section shall, within fifteen (15) days from the receipt of all necessary paperwork required by this chapter, submit an application to the county clerk, on a form prescribed by the Department of Vehicle Regulation, for a salvage title, accompanied by a properly endorsed certificate of title and any lien satisfactions, if any appear, as may be required.

(3) The county clerk shall retain a copy of each salvage title application received and shall forward the original and its supporting documents to the Department of Vehicle Regulation in a manner similar to that for handling of an application for a title.

(4) The county clerk shall rely on the information provided by the owner or authorized agent, including a county of residence designation, on:

(a) Any approved, notarized state form utilized in lien titling or the title transfer process signed by the owner or authorized agent; and

(b) Any document submitted during the transfer of a salvage vehicle from an owner to an insurer.

Reliance on the foregoing by the county clerk shall relieve the office of the county clerk from liability to any third party claiming failure to comply with this section.

(5) The Department of Vehicle Regulation shall process the salvage title application in a manner similar to that used in processing a title application and the salvage title shall be delivered in a like manner of a title. Salvage titles shall be construed as proof of ownership of a vehicle in a state as to be unusable upon the highways of the Commonwealth.

(6) A vehicle shall not be issued a registration for highway use as long as a salvage title is in force. The only time a vehicle with a salvage title may be operated upon the highways of the Commonwealth is when it is in route to or from an inspection by the certified inspector prior to obtaining a certificate of title after having been rebuilt as per KRS 186.115.

(7) Notwithstanding the provisions of KRS 369.103, when a salvage vehicle is transferred from an owner to an insurer, the following shall be exempted from the requirements of notarization, including exemption from the notarization of electronic signature requirements of KRS Chapter 423:

(a) The transfer of ownership on the certificate of title;

(b) Any power of attorney required in connection with the transfer of ownership to the insurer;

(c) Any required odometer disclosure statement;

(d) The application for a salvage certificate of title; and

(e) The transfer of ownership on the salvage certificate of title issued.

(8) Subsections (2) to (5) of this section shall not apply to applications for salvage title using the electronic title application and registration system established under KRS 186A.017.

➔Section 15. KRS 186A.530 is amended to read as follows:

(1) The owner of a motor vehicle that meets the definition of a salvage vehicle as set forth in KRS 186A.520(1) and has been issued a salvage certificate of title in Kentucky, or the equivalent thereof by another licensing jurisdiction, and has been rebuilt, may make application for a new certificate of title pursuant to KRS 186.115. The Transportation Cabinet may promulgate administrative regulations pursuant to KRS Chapter 13A governing the form of application.

(2) Upon receipt of a salvage certificate of title issued pursuant to KRS 186A.520, or similar title issued by another state if the title does not disqualify the vehicle from being titled for use on the highway in that state, and proof of passing the inspection required by KRS 186A.115, the cabinet shall issue a new certificate of title with the words "rebuilt vehicle" printed on the face of the title. The brand shall be carried forward and printed in the appropriate section on the face of all titles issued thereafter for that motor vehicle.

(3) If ownership of a motor vehicle has been transferred to an insurance company through payment of damages, the insurance company making the payment of damages shall be deemed the owner of the vehicle.

(4) The owner of a water damaged vehicle shall make application to the cabinet for a salvage certificate of title as provided for in KRS 186A.520. The owner of a vehicle with a brand from another jurisdiction identifying the vehicle as water damaged or other similar designation who is making application for a Kentucky title shall be issued a title with the words "water damaged" printed on the face of the title.

(5) A Kentucky salvage certificate of title may be issued from an out-of-state junking certificate or other ownership document bearing a designation of "junk," "unrebuildable," or other similar classification that disqualifies the vehicle from being titled for use on the highway in that state with the following provisions:

(a) The out-of-state junking certificate of title or other ownership certificate shall be an original, secure document.

(b) The applicant shall submit a minimum of two (2) photographs of the motor vehicle showing the damage to the motor vehicle. The photographs shall be included in the application for a salvage certificate of title.

(c) The applicant shall submit a minimum of two (2) estimates of damage verifying that the condition of the vehicle which has been issued the junking certificate constitutes less than seventy-five percent (75%) of the retail value of the vehicle, as ***prescribed by a nationally accepted used car valuation guide or tool identified under Section 12 of this Act***~~[set forth in a current edition of the National Auto Dealers' Association N.A.D.A. price guide]~~.

(d) A salvage title issued under this subsection shall be branded "SALVAGE." The Transportation Cabinet shall use a unique method of identification to differentiate a salvage title issued under this subsection from other salvage titles.

(6) (a) Upon receipt of a salvage certificate of title issued pursuant to subsection (5) of this section, or an out-of-state junking certificate or other ownership document bearing a designation of "junk," "unrebuildable," or other similar classification that disqualifies the vehicle from being titled for use on the highway in that state, and proof of passing the inspection required by KRS 186A.115, the cabinet shall issue a new certificate of title with the words "REBUILT VEHICLE" printed on the face of the title. The Transportation Cabinet shall use a unique method of identification to differentiate a rebuilt brand issued under this paragraph from other rebuilt brands. The brand shall be carried forward and printed in the appropriate section on the face of all titles issued thereafter for that motor vehicle.

(b) A person who obtains a rebuilt title under this subsection shall permanently affix a plate of metallic composition within the opening for the driver's side door which states "REBUILT VEHICLE - May Not Be Eligible For Title In All States."

(7) (a) When an insurance company makes a claim settlement on a vehicle that has been stolen and recovered, if the vehicle meets the definition of a salvage vehicle as set forth in KRS 186A.520, the company shall apply for a salvage certificate of title as provided for in KRS 186A.520. Upon receipt of this information, the cabinet shall issue the company a certificate of title to replace a salvage certificate of title. The cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A regarding the forms and any additional information which insurance companies shall be required to obtain and submit when seeking a certificate of title to replace a salvage certificate of title.

(b) In claim settlements that do not involve transfer of the vehicle to the insurance company, an insurer shall not render payment on a damage claim for a vehicle whose damage meets or exceeds seventy-five percent (75%) of the value of the vehicle, until the insurer has received proof that the owner has surrendered the title or has applied for a salvage certificate of title as set forth in KRS 186A.520. The owner shall apply for a salvage certificate of title within three (3) working days of the agreed settlement. This subsection shall not apply to hail-damaged vehicles under KRS 186A.555.

(c) An insurance company shall not refuse coverage to, and shall not reclassify coverage of, a vehicle that has been issued a rebuilt title pursuant to the provisions of this section.

(8) A motor vehicle owner or a motor vehicle dealer licensed in this state who offers for sale, trade, or transfer a motor vehicle which carries a title brand, as set forth in subsection (2) or (6) of this section, shall disclose the nature of the brand to any prospective buyer or transferee, prior to the sale, and according to the following:

(a) Dealer disclosure shall be located on a sticker placed on the vehicle. The sticker wording shall be printed in at least ten (10) point, bold face type, on a background of obviously different color, and shall include the following: "THIS IS A REBUILT VEHICLE." This disclosure information shall not appear on vehicles that do not have a branded title. Dealer disclosure shall also be located on a buyer's notification form to be approved by the Transportation Cabinet. The form shall inform the buyer that the vehicle is a rebuilt vehicle and may include any other information the cabinet deems necessary.

(b) Nondealer disclosure shall be made in accordance with the procedures provided for in KRS 186A.060. The Department of Vehicle Regulation shall ensure that disclosure information appears near the beginning of the application for title and informs the buyer that the vehicle is a rebuilt vehicle.

(9) Failure of a dealer to procure the buyer's acknowledgment signature on the buyer's notification form or failure of any person other than a dealer to procure the buyer's acknowledgment signature on the vehicle transaction record form shall render the sale voidable at the election of the buyer. The election to render the sale voidable shall be limited to forty-five (45) days after issuance of the title. This provision shall not bar any other remedies otherwise available to the purchaser.

(10) The notification provisions of this section shall not apply to motor vehicles more than ten (10) model years old.

(11) The Transportation Cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A, regarding the administration of the title branding procedure. The administrative regulations shall include the manner in which salvage titles and rebuilt brands on vehicles previously declared unrebuildable by another state are differentiated from other salvage titles and rebuilt brands. The administrative regulations may include designation of additional brands which provide significant information to the owner.

➔Section 16. KRS 186A.555 is amended to read as follows:

(1) The provisions of KRS 186A.500 to 186A.550 notwithstanding, the owner of a motor vehicle that has been damaged solely by hail shall have the regular title of the vehicle branded as follows "Hail Damage" if:

(a) The vehicle is in a condition that it can be legally operated on the highway;

(b) The total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its pre-hail condition exceeds seventy-five percent (75%) of the retail value of the vehicle, as prescribed by a nationally accepted used car valuation guide ***or tool*** identified ***under Section 12 of this Act***~~[by the Department of Revenue by administrative regulation]~~; and

(c) The owner intends to retain ownership of the vehicle.

(2) A person seeking to have the title of a vehicle branded for hail damage under subsection (1) of this section shall present the sheriff with a statement from the person's insurance company that the damage exceeds seventy-five percent (75%) of the retail value of the vehicle and is solely the result of hail damage, and shall have the vehicle inspected by the sheriff of the county in which the vehicle is registered. Upon completion of inspection of the vehicle, the sheriff shall indicate on the vehicle transaction record form if he or she has received a statement from the person's insurance company that the damage to the vehicle is the result of hail damage and if the total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its pre-hail condition exceeds seventy-five percent (75%) of the retail value of the vehicle, as prescribed by a nationally accepted used car valuation guide ***or tool*** identified ***under Section 12 of this Act***~~[by the Department of Revenue by administrative regulation]~~. The sheriff shall be paid a fee of five dollars ($5) to conduct an inspection under this subsection.

(3) Upon completion of the inspection required under subsection (2) of this section, a person shall take the vehicle transaction record form and the title to the vehicle to the office of the county clerk in the county in which the vehicle is registered. If the sheriff has certified on the vehicle transaction record form that the damage to the vehicle is the result of hail damage and if the total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its pre-hail condition exceeds seventy-five percent (75%) of the retail value of the vehicle, as prescribed by a nationally accepted used car valuation guide ***or tool*** identified ***under Section 12 of this Act*** ~~[by the Department of Revenue by administrative regulation]~~, the title shall not be surrendered to the clerk, but the clerk shall stamp on the face of the title "Hail Damage". The clerk shall also enter into the Automated Motor Vehicle Registration System (AVIS) the information that the title has been branded in the clerk's office "Hail Damage". The county clerk shall be paid a fee of three dollars ($3) to carry out the provisions of this subsection.

(4) A title branded "Hail Damage" under the provisions of subsection (3) of this section shall retain the brand for as long as the person holds title to the vehicle, and upon the sale or transfer of the vehicle, the new title issued shall continue to carry the brand "Hail Damage".

(5) An insurance company shall not render payment on a vehicle damaged solely by hail in excess of seventy-five percent (75%) of the retail value of the vehicle until the title has been branded "Hail Damage".

➔Section 17. KRS 186.403 is amended to read as follows:

(1) The Transportation Cabinet shall develop a system of issuing voluntary travel ID instruction permits, operator's licenses, commercial driver's licenses, and personal identification cards.

(2) The development of the system identified in subsection (1) of this section shall include but not be limited to the:

(a) Acquisition of equipment and information technology systems and services;

(b) Modification, conversion, or upgrade of the cabinet's existing databases, equipment, and information technology systems;

(c) Establishment of electronic connectivity with any other state's driver licensing department, federal agency, national or regional association, or business. Electronic connectivity under this paragraph shall be limited to the sharing of the minimum amount of information necessary to validate information supplied by an applicant, process the application, and produce and distribute the identity document. The Transportation Cabinet shall limit any access to the databases developed under this chapter in accordance with the Driver's Privacy Protection Act, 18 U.S.C. sec. 2721;

(d) Creation of a new design for operator's licenses, commercial driver's licenses, instruction permits, and personal identification cards that will meet the minimum content, design, and security standards required under this section;

(e) Collection, management, and retention of personal information and identity documents; and

(f) Development and implementation of a comprehensive security plan to ensure the security and integrity of the department's:

1. Employees;

2. Facilities;

3. Storage systems;

4. Production of operator's licenses, commercial driver's licenses, instruction permits, and personal identification cards; and

5. Collection and retention of personal information and identity documents.

(3) ***A person who*** ~~[On or after January 1, 2019]~~:

(a) ~~[A person who]~~Applies for an initial Kentucky instruction permit, operator's license, or personal identification card under KRS 186.412 ***or*** ~~[, 186.4121,]~~ 186.4122~~[, or 186.4123]~~, including any person who establishes residency in the state, may apply for either a voluntary travel ID or a standard instruction permit, operator's license, or personal identification card;

(b) ~~[A person who]~~Applies for the renewal of an instruction permit, operator's license, or personal identification card under KRS 186.412, 186.4121, 186.4122, or 186.4123 may apply for either a voluntary travel ID or a standard instruction permit, operator's license, or personal identification card;

(c) 1. Meets the minimum requirements for federal recognition in Section 202 of the REAL ID ACT of 2005, as amended, in 49 U.S.C. sec. 30301 note;

2. Has been admitted to the United States as a nonimmigrant pursuant to a compact of free association between the United States and the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia; and

3. Applies for an initial or renewal operator's license or personal identification card under Section 18 or 20 of this Act;

may apply for either a voluntary travel ID or a standard instruction permit, operator's license, or personal identification card; and

(d) ~~[(c) A person who]~~Holds a voluntary travel ID operator's license, and applies for and passes all necessary examinations for a commercial driver's license under KRS Chapter 281A, shall receive a voluntary travel ID commercial driver's license. This paragraph shall not apply to a person who is not a citizen or permanent resident of the United States.

(4) The fees for initial, renewal, duplicate, or corrected voluntary travel ID or standard operator's licenses, instruction permits, or personal identification cards shall be as set forth under KRS 186.531.

(5) A voluntary travel ID identity document issued by the cabinet may be used for all state purposes authorized for identity documents otherwise issued under KRS 186.400 to 186.640 and Chapter 281A.

(6) The Transportation Cabinet shall promulgate administrative regulations under KRS Chapter 13A that set standards for the establishment of a voluntary travel ID identity document system, including but not limited to the components of the system identified in subsection (2) of this section.

➔Section 18. KRS 186.412 (Effective July 1, 2025) is amended to read as follows:

(1) As used in this section, "applicant" means a person who***:***

(a) Is a citizen or permanent resident of the United States***; or***

(b) Meets the minimum requirements for federal recognition in Section 202 of the REAL ID ACT of 2005, as amended, in 49 U.S.C. sec. 30301 note, and has been admitted to the United States as a nonimmigrant pursuant to a compact of free association between the United States and the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia.

(2) An applicant shall apply for an instruction permit or operator's license with the Transportation Cabinet, or through alternative technology. Except as provided in KRS 186.417, the application form shall require the applicant's:

(a) Full legal name and signature;

(b) Date of birth;

(c) Social Security number or a letter from the Social Security Administration declining to issue a Social Security number;

(d) Sex;

(e) Present Kentucky resident address, exclusive of a post office box address alone;

(f) Other information necessary to permit the application of United States citizens to also serve as an application for voter registration;

(g) A brief physical description of the applicant;

(h) Proof of the applicant's Kentucky residency, including but not limited to a deed or property tax bill, utility agreement or utility bill, or rental housing agreement; and

(i) Other information the cabinet may require by administrative regulation promulgated under KRS Chapter 13A.

(3) (a) To satisfy the requirements of subsection (2)(e) and (h) of this section, an applicant seeking to obtain a renewal or duplicate operator's license may use a completed form attesting to the lack of an established and fixed nighttime residence of regular return as established in accordance with paragraph (b) of this subsection. The form developed under paragraph (b) of this subsection shall not be used by an applicant for an initial operator's license or instruction permit.

(b) The cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A to develop forms and procedures whereby an applicant for a renewal or duplicate operator's license under this section or KRS 186.4121, or an applicant for an initial, renewal, or duplicate personal identification card under KRS 186.4122 or 186.4123, who does not have an established and fixed nighttime residence of regular return may use as proof of residency, a form, attested to by a homeless shelter, health care facility, or social service agency currently providing the applicant treatment or services, that the applicant is a resident of Kentucky. An applicant who does not have an established and fixed nighttime residence of regular return shall not be issued a voluntary travel ID operator's license under this section or KRS 186.4121.

(4) In addition to the information identified in subsection (2) of this section, a***:***

(a) Permanent resident shall present one (1) of the following documents issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services:

1.~~[(a)]~~ An I-551 card with a photograph of the applicant; or

2.~~[(b)]~~ A form with the photograph of the applicant or a passport with a photograph of the applicant on which the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, has stamped the following: "Processed for I-551. Temporary evidence of lawful admission for permanent residence. Valid until .... (Expiration Date). Employment authorized."***; and***

(b) Person who meets the definition in subsection (1)(b) of this section shall present a valid, unexpired passport from his or her country of origin, along with one (1) of the following documents issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services:

1. Form I-94, Arrival/Departure Record number;

2. Form I-766, Employment Authorization Document number; or

3. Form I-797, Notice of Action receipt number.

(5) Upon application for an operator's license under this section, the cabinet shall capture a photograph of the applicant in accordance with the requirements of KRS 186.4102(1).

(6) (a) Except as provided in paragraph (b) of this subsection, the cabinet shall electronically scan the documents required for application under this section and shall electronically retain the application, supporting documents, and the photograph of the applicant. Upon completion of any required examinations under KRS 186.480, the cabinet shall present the applicant with a temporary operator's license or instruction permit, which shall be valid for thirty (30) days until a permanent operator's license or instruction permit is mailed to the applicant by the Transportation Cabinet.

(b) The cabinet shall only electronically scan the birth certificate of an individual applying for a voluntary travel ID instruction permit or operator's license. If the applicant is not seeking such a permit or license, the cabinet shall not electronically scan the applicant's birth certificate.

(c) An applicant for an operator's license or instruction permit shall not be required to surrender the applicant's birth certificate for image capture, image storage, or image transmission to any entity, including the federal government, unless express consent is given by the applicant during the course of obtaining a voluntary travel ID license or permit.

(7) An applicant shall swear an oath to the cabinet as to the truthfulness of the statements contained in the form.

➔Section 19. KRS 186.4121 is amended to read as follows:

(1) As used in this section, "applicant" means a person who***:***

(a) Is not a United States citizen***;***

(b) ~~[and]~~Has not been granted status as a permanent resident of the United States***; and***

(c) Does not meet the minimum requirements for federal recognition in Section 202 of the REAL ID ACT of 2005, as amended, in 49 U.S.C. sec. 30301 note, and has not been admitted to the United States as a nonimmigrant pursuant to a compact of free association between the United States and the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia.

(2) An applicant shall apply for an instruction permit or operator's license to either the Transportation Cabinet in Frankfort or a Transportation Cabinet field office. An applicant under this section shall complete the application identified in KRS 186.412, along with other documents required under this section. The cabinet shall keep an electronic copy of the documentation submitted with the application and shall capture a photograph of the applicant in accordance with KRS 186.4102(1)

(3) The application form under this section shall be accompanied by the applicant's documentation issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, authorizing the person to be in the United States and, if applicable, the applicant's international driving permit. The Transportation Cabinet shall verify the information submitted under this subsection through the Systematic Alien Verification for Entitlements (SAVE) program.

(4) The application form of a special status individual with a K-1 status shall be accompanied by an original or certified copy of the applicant's completed marriage license signed by the official who presided over the marriage ceremony and two (2) witnesses. The application form of a special status individual with a K-1 status shall also include the applicant's petition to enter the United States for the purpose of marriage that contains the name of the prospective spouse. If the name of the prospective spouse on the petition does not match the name of the spouse on the marriage license, the Transportation Cabinet shall not be required to issue an operator's license.

(5) (a) The Transportation Cabinet shall verify and validate the immigration status and personal identity of an applicant under this section through federal government systems and databases.

(b) If an applicant's identity and immigration status is validated, the cabinet shall capture a photograph of the applicant, and scan the required documents into the cabinet's database.

(c) If the applicant successfully completes any examinations required under KRS 186.480, or if an examination is not required, the Transportation Cabinet shall present the applicant with a temporary operator's license or instruction permit, which shall be valid for thirty (30) days until a permanent operator's license or instruction permit is mailed to the applicant.

(d) An applicant under this section shall only be issued a standard operator's license or instruction permit.

(6) (a) An applicant shall apply to renew an operator's license, or obtain a duplicate operator's license, at the Transportation Cabinet in Frankfort or a Transportation Cabinet field office.

(b) If an applicant has any type of change in his or her immigration status, the applicant shall apply to update the operator's license with either the Transportation Cabinet in Frankfort or a Transportation Cabinet field office within ten (10) days.

(7) An applicant shall swear an oath to the Transportation Cabinet as to the truthfulness of the statements contained in the form.

(8) (a) Except as provided in paragraph (b) of this subsection, an initial or renewal operator's license issued to an applicant who is not a special status individual shall be valid for a period equal to the length of time the applicant's documentation from the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, is valid, or eight (8) years, whichever time period is shorter.

(b) An initial or renewal operator's license shall be valid for a period of one (1) year if the applicant is not a special status individual and the person's documentation issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, is issued for an indefinite period of time and does not have an expiration date. The fee shall be the same as for a regular operator's license.

➔Section 20. KRS 186.4122 is amended to read as follows:

(1) As used in this section, "applicant" means a person who***:***

(a) Is a citizen or permanent resident of the United States***; or***

(b) Meets the minimum requirements for federal recognition in Section 202 of the REAL ID ACT of 2005, as amended, in 49 U.S.C. sec. 30301 note, and has been admitted to the United States as a nonimmigrant pursuant to a compact of free association between the United States and the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia.

(2) The Transportation Cabinet shall issue a personal identification card to an applicant who:

(a) Is a Kentucky resident;

(b) Applies in person to the cabinet or through alternative technology; and

(c) Complies with the provisions of this section.

(3) Upon application for a personal identification card under this section, the cabinet shall capture a photograph of the applicant in accordance with KRS 186.4102(1).

(4) (a) Except as provided in paragraph (b) of this subsection, the cabinet shall electronically scan the documents required for application under this section and shall electronically retain the application, supporting documents, and the photograph of the applicant. The cabinet shall present the applicant with a temporary personal identification card, which shall be valid for thirty (30) days until a permanent personal identification card is mailed to the applicant by the Transportation Cabinet.

(b) The cabinet shall only electronically scan the birth certificate of an individual applying for a voluntary travel ID personal identification card. If the applicant is not seeking such a document, the cabinet shall not electronically scan the applicant's birth certificate.

(c) An applicant for a personal identification card shall not be required to surrender the applicant's birth certificate for image capture, image storage, or image transmission to any entity, including the federal government, unless express consent is given by the applicant during the course of obtaining a voluntary travel ID personal identification card.

(5) (a) An application for a personal identification card shall be accompanied by the same information as is required for an operator's license under KRS 186.412, except if an applicant does not have an established and fixed nighttime residence of regular return, the applicant may:

1. Until July 1, 2025, use as proof of residency a signed letter from a homeless shelter, health care facility, or social service agency currently providing the applicant treatment or services and attesting that the applicant is a resident of Kentucky; or

2. On or after July 1, 2025, follow the procedures outlined in KRS 186.412(3).

(b) An applicant who does not have an established and fixed nighttime residence of regular return shall not be issued a voluntary travel ID personal identification card.

(c) An applicant for a personal identification card who is at least sixteen (16) years of age but less than eighteen (18) years of age shall not be required to obtain a signature of a parent or legal guardian on the application if the applicant has been verified as a homeless child or youth, as defined in 42 U.S.C. sec. 11434a(2), by at least one (1) of the following:

1. A director or designee of a governmental or nonprofit agency that receives public or private funding to provide services to homeless people;

2. A local educational agency liaison for homeless children and youths designated pursuant to 42 U.S.C. sec. 11432(g)(1)(J)(ii), or a school social worker or school counselor;

3. The director or director's designee of a federal TRIO Program or a Gaining Early Awareness and Readiness for Undergraduate Program; or

4. A financial aid administrator for an institution of higher education.

(d) It shall be permissible for the application form for a personal identification card to include as an applicant's most current resident address a mailing address or an address provided on a voter registration card.

(e) If the applicant is not the legal owner or possessor of the address provided on the application form, the applicant shall swear that he or she has permission from the legal owner, authorized agent for the legal owner, or possessor to use the address for purposes of obtaining the personal identification card.

(6) (a) Every applicant for a personal identification card under this section shall swear an oath to the cabinet as to the truthfulness of the statements contained on the application form.

(b) A personal identification card may be suspended or revoked if the person who was issued the card presents false or misleading information to the cabinet when applying for the card.

(7) A personal identification card issued under this section shall be valid for a period of eight (8) years from the date of issuance, except that if the personal identification card is issued to a person who does not have an established and fixed nighttime residence of regular return, then the personal identification card shall be valid for one (1) year from the date of issuance.

(8) (a) An applicant shall not be issued a personal identification card if the applicant currently holds a valid Kentucky instruction permit or operator's license. A person shall not hold more than one (1) license or personal identification card.

(b) If a person's instruction permit or operator's license has been suspended or revoked, the person may be issued a personal identification card. A personal identification card shall be surrendered when the person applies to have his or her instruction permit or operator's license reinstated.

➔Section 21. KRS 186.4123 is amended to read as follows:

(1) As used in this section, "applicant" means a person who***:***

(a) Is not a United States citizen***;***

(b) ~~[and]~~Has not been granted status as a permanent resident of the United States***; and***

(c) Does not meet the minimum requirements for federal recognition in Section 202 of the REAL ID ACT of 2005, as amended, in 49 U.S.C. sec. 30301 note, and has not been admitted to the United States as a nonimmigrant pursuant to a compact of free association between the United States and the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia.

(2) The Transportation Cabinet shall issue a personal identification card to an applicant who:

(a) Is a Kentucky resident;

(b) Applies in person to either the Transportation Cabinet in Frankfort or a Transportation Cabinet field office; and

(c) Complies with the provisions of this section.

(3) Upon application for a personal identification card under this section, the cabinet shall capture a photograph of the applicant in accordance with KRS 186.4102(1).

(4) The cabinet shall electronically scan the documents required for application under this section, supporting documents, and the photograph of the applicant into the cabinet's database.

(5) (a) An application for a personal identification card shall be accompanied by the same information as is required for an operator's license under KRS 186.412, along with other documents required under this section, except if an applicant does not have an established and fixed nighttime residence of regular return, the applicant may:

1. Until July 1, 2025, use as proof of residency a signed letter from a homeless shelter, health care facility, or social service agency currently providing the applicant treatment or services and attesting that the applicant is a resident of Kentucky; or

2. On or after July 1, 2025, follow the procedures outlined in KRS 186.412(3).

(b) An applicant who does not have an established and fixed nighttime residence of regular return shall not be issued a voluntary travel ID personal identification card.

(c) It shall be permissible for the application form for a personal identification card to include as an applicant's most current resident address a mailing address or an address provided on a voter registration card.

(d) If the applicant is not the legal owner or possessor of the address provided on the application form, the applicant shall swear that he or she has permission from the legal owner, authorized agent for the legal owner, or possessor to use the address for purposes of obtaining the personal identification card.

(6) The application form under this section shall be accompanied by the applicant's documentation issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, authorizing the applicant to be in the United States. The Transportation Cabinet shall verify the information submitted under this subsection through the Systematic Alien Verification for Entitlements (SAVE) program.

(7) The application form of a special status individual with a K-1 status shall be accompanied by an original or certified copy of the applicant's completed marriage license signed by the official who presided over the marriage ceremony and two (2) witnesses. The application form of a special status individual with a K-1 status shall also include the applicant's petition to enter the United States for the purpose of marriage that contains the name of the prospective spouse. If the name of the prospective spouse on the petition does not match the name of the spouse on the marriage license, the Transportation Cabinet shall not be required to issue an operator's license.

(8) (a) The Transportation Cabinet shall verify and validate the immigration status and personal identity of an applicant under this section through federal government systems and databases.

(b) If an applicant's identity and immigration status is validated, the cabinet shall capture a photograph of the applicant, scan the required documents into the cabinet's database, and present the applicant with a temporary personal identification card, which shall be valid for thirty (30) days until a permanent personal identification card is mailed to the applicant.

(c) An applicant under this section shall only be issued a standard personal identification card.

(9) (a) An applicant shall apply to renew a personal identification card, or obtain a duplicate personal identification card, at the Transportation Cabinet in Frankfort or a Transportation Cabinet field office.

(b) If a person has any type of change in his or her immigration status, the person shall apply to update with either the Transportation Cabinet in Frankfort or a Transportation Cabinet field office within ten (10) days.

(10) (a) Every applicant for a personal identification card under this section shall swear an oath to the Transportation Cabinet as to the truthfulness of the statements contained on the application form.

(b) A personal identification card may be suspended or revoked if the person who was issued the card presents false or misleading information to the cabinet when applying for the card.

(11) (a) Except as provided in paragraph (b) of this subsection, an initial or renewal personal identification card issued to an applicant who is not a special status individual shall be valid for a period equal to the length of time the applicant's documentation from the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, is valid, or eight (8) years, whichever time period is shorter.

(b) A personal identification card shall be valid for a period of one (1) year if:

1. The applicant is not a special status individual and the applicant's documentation issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, is issued for an indefinite period of time and does not have an expiration date. The fee shall be the same as for a regular personal identification card; or

2. The personal identification card is issued to a person who does not have an established and fixed nighttime residence of regular return.

➔Section 22. KRS 186.4125 is amended to read as follows:

In order to apply for a voluntary travel ID identity document under KRS 186.403, the applicant shall present***:***

(1) The applicant's certified birth certificate***;***

(2) ~~[or]~~A valid, unexpired, United States passport or Permanent Resident Card (Form I-551)***; or***

(3) For persons who meet the definition of subsection (1)(b) of Section 18 of this Act, a valid, unexpired passport from his or her country of origin, along with one (1) of the following documents issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services:

(a) Form I-94, Arrival/Departure Record number;

(b) Form I-766, Employment Authorization Document number; or

(c) Form I-797, Notice of Action receipt number.

➔Section 23. KRS 186.456 is amended to read as follows:

(1) As used in this section, "state police" means the Department of Kentucky State Police.

(2) From September 1, 2024, until June 30, 2026, the state police shall operate a pilot program to provide operator's license skills testing in ***up to ten (10)***~~[five (5)]~~ counties in which the state police does not provide permanent, full-time, driver licensing testing.

(3) In administering the pilot project under this section, the state police shall:

(a) Identify the counties participating in the pilot project based on both public demand and available state police resources;

(b) Provide testing in each county at least ***one (1) time***~~[two (2) times]~~ each month;

(c) Accept applications for testing slots through the state police's online application portal;

(d) Limit testing only to residents of the pilot project county where the test will be administered;

(e) Limit testing only to applicants for an intermediate license under KRS 186.452; and

(f) Evaluate service levels, unsubscribed appointments, and no-shows during the term of the pilot project and, if necessary, move the pilot project to another county identified in subsection (2) of this section, while maintaining the pilot project in ***up to ten (10)***~~[at least five (5)]~~ counties during the term of the project.

(4) The state police shall collect data on testing done under this section and, by October 31, 2025, submit a report to the Legislative Research Commission for referral to the Interim Joint Committee on Transportation providing:

(a) Counts of the number of available testing appointments in each county, applicants served, unclaimed testing slots, and no-show appointments;

(b) Information regarding how the pilot program affected testing associated with regional licensing offices; and

(c) Recommendations on the continuation or expansion of the pilot project.

➔Section 24. KRS 235.130 is amended to read as follows:

(1) ***A***~~[No]~~ person acting for himself***, herself,*** or another shall ***not*** buy or trade for any motorboat without receiving the certificate of title issued for that boat with a certificate of transfer endorsed thereon. If the motorboat has not been issued a certificate of title as noted on the certificate of registration, ***a county clerk may accept an affidavit of ownership to process the application for title.*** The person shall receive a completed assignment of title on a boat transaction record and the certificate of registration.

(2) It shall be the duty of the purchaser to promptly submit the endorsed certificate of title or boat transaction record and certificate of registration to the county clerk of the county of the purchaser's residence or in which the motorboat is to be principally operated. The purchaser shall apply for a new certificate of title and registration pursuant to KRS 235.050. The county clerk shall~~[thereupon]~~ issue to the purchaser a transfer of registration bearing the same data and information. The clerk shall forward the endorsed certificate of title or boat transaction record and certificate of registration and new application for title and registration to the Transportation Cabinet. Except when registration is prohibited by law, any unexpired registration shall remain valid after transfer until expiration occurs according to law.

(3) For transferring the registration, the clerk shall collect a fee of five dollars ($5). The clerk shall retain two dollars ($2), the Transportation Cabinet shall receive two dollars ($2) and the Department of Fish and Wildlife Resources administratively attached to the Tourism, Arts and Heritage Cabinet shall receive one dollar ($1). The fee received by the Transportation Cabinet shall be deposited in a trust and agency account for use by the Transportation Cabinet in defraying the cost of implementing and operating the boat titling and registration program. The fee for transferring the title shall be as required by KRS 235.085.

(4) If a transferee does not promptly submit the necessary documents to the county clerk as required by law in order to complete the transfer transaction, a transferor may submit to the county clerk, after the passage of fifteen (15) calendar days, in his ***or her*** county of residence, an affidavit that he ***or she*** has transferred his ***or***

her interest in a specific motorboat and the clerk may enter appropriate data into the AVIS system which would restrict any registration transaction from occurring on that vehicle until the transfer was processed.

(5) If the owner junks or otherwise renders a motorboat unfit for future use, he ***or she*** shall deliver the title to the county clerk of the county in which the motorboat is junked. The county clerk shall immediately return the title to the Transportation Cabinet. The owner shall pay to the county clerk fifty cents ($0.50) for his ***or her*** services.

➔SECTION 25. A NEW SECTION OF KRS CHAPTER 186A IS CREATED TO READ AS FOLLOWS:

(1) Except as provided in subsection (2) of this section, on and after July 1, 2026, a lienholder shall participate in the electronic title application and registration system to confirm, release, and manage liens and lien documents.

(2) This section shall not apply to lienholders who are not normally engaged in the business of financing motor vehicles or who are granted an exemption by the cabinet.

➔Section 26. The following KRS section is repealed:

186A.165 County clerk to complete transmittal record -- Exceptions.

➔Section 27. Sections 17 to 22 of this Act take effect July 1, 2025.

➔Section 28. Whereas there is a need for motor vehicle insurers to use nationally accepted used car valuation or tools to correctly determine the retail value of wrecked, destroyed, or damaged motor vehicles, an emergency is declared to exist, and Sections 12 to 16 of this Act take effect upon its passage and approval by the Governor or upon it otherwise becoming a law.

Became law without Governor's signature March 27, 2025.

CHAPTER 96

(HJR 15)

A JOINT RESOLUTION to return for permanent display on the New State Capitol grounds the granite Ten Commandments monument given to the Commonwealth of Kentucky in 1971 by the Fraternal Order of Eagles.

WHEREAS, in 1971, the Kentucky State Aerie of the Fraternal Order of Eagles donated to the Commonwealth of Kentucky a granite monument inscribed with the Ten Commandments; and

WHEREAS, it remained on permanent display on the New State Capitol grounds until the 1980s, when it was moved to storage due to a construction project; and

WHEREAS, the monument remained in storage until 2000, when a joint legislative resolution was signed into law that required it be returned to the New State Capitol grounds for permanent display near the floral clock; and

WHEREAS, in 2002, applying the test established by the United States Supreme Court in *Lemon v. Kurtzman*, 403 U.S. 602 (1971), and its progeny, the United States Court of Appeals for the Sixth Circuit in *Adland v. Russ*, 307 F.3d 471 (6th Cir. 2002), affirmed a District Court order prohibiting the enforcement of the 2000 joint legislative resolution; and

WHEREAS, the monument was thereafter returned to the Fraternal Order of Eagles and given to the care of the organization’s Hopkinsville, Kentucky, chapter, which has kept it to the present time; and

WHEREAS, in 2005, the United States Supreme Court in *Van Orden v. Perry*, 545 U.S. 677 (2005), upheld the exhibition of an essentially identical Fraternal Order of Eagles’ Ten Commandments monument on permanent display on the state Capitol grounds in Austin, Texas. The Court held that *Lemon* was "not useful in dealing with the sort of passive monument that Texas has erected on its Capitol grounds," and instead focused on the "nature of the monument" and "our Nation’s history." *Id.* at 686; and

WHEREAS, in 2014, the United States Supreme Court in *Town of Greece v. Galloway*, 572 U.S. 565, 575 (2014), upheld a town council’s practice of beginning its public meetings with an invocation. The Court's majority opinion did not even mention *Lemon* and instead held "the Establishment Clause must be interpreted by reference to historical practices and understandings." *Id.* at 576; and

WHEREAS, in 2019, the United States Supreme Court in *The American Legion v. American Humanist Association*, 588 U.S. 29 (2019), upheld the display of a 32-foot tall Latin cross on state property erected as a World War I memorial. The Court expressly rejected *Lemon* and established a "presumption of constitutionality for longstanding monuments, symbols, and practices" that "use, for ceremonial, celebratory, or commemorative purposes, … words or symbols with religious associations." *Id.* at 51, 52, and 57; and

WHEREAS, in 2022, the United States Supreme Court in *Kennedy v. Bremerton School District*, 597 U.S. 507 (2022), upheld the right of a high school football coach to pray privately on the playing field after games. Citing *American Legion* and *Town of Greece*, the Court held that the "shortcomings" of *Lemon* had become "so apparent that this Court long ago abandoned *Lemon* and its endorsement test offshoot." *Id.* at 534. Formally replacing *Lemon*, the Court held "the Establishment Clause must be interpreted by reference to historical practices and understandings," and that the "line that courts and governments must draw between the permissible and the impermissible has to accord with history and faithfully reflect the understanding of the Founding Fathers." *Id.* at 535-36; and

WHEREAS, the legal precedent under which the 2000 joint legislative resolution's mandate to return the monument to the New State Capitol grounds near the floral clock was enjoined, has been abandoned by the United States Supreme Court, and is no longer good law; and

WHEREAS, the Ten Commandments monument is "one of over a hundred largely identical monoliths . . . distributed [by the Fraternal Order of Eagles] to state and local governments throughout the Nation over the course of several decades," *Van Orden*, 545 U.S. at 713; and

WHEREAS, "[s]uch acknowledgments of the role played by the Ten Commandments in our Nation's heritage are common throughout America" and "throughout . . . our Nation's Capital," *Van Orden*, 545 U.S. at 688-89; and

WHEREAS, the United States Supreme Court's "opinions, like [its] building, have recognized the role the Decalogue plays in America's heritage," *Van Orden*, 545 U.S. at 689; and

WHEREAS, "Executive and Legislative Branches have also acknowledged the historical role of the Ten Commandments," which "have an undeniable historical meaning," *Van Orden*, 545 U.S. at 690; and

WHEREAS, "the Ten Commandments have had a significant impact on the development of the fundamental legal principles of Western Civilization," House Concurrent Resolution 31, 105th Congress (1997); and

WHEREAS, the Ten Commandments "have historical significance as one of the foundations of our legal system," *American Legion*, 588 U.S. at 53; and

WHEREAS, "for largely that reason, they are depicted in the marble frieze in [the United States Supreme Court's] courtroom and in other prominent public buildings in our Nation's capital," *American Legion*, 588 U.S. at 53; and

WHEREAS, the Ten Commandments have undeniable historical significance in the history and heritage of the Commonwealth of Kentucky and the nation; and

WHEREAS, it is the historical practice and understanding of the Commonwealth and the nation to acknowledge our history and heritage with permanent depictions and displays on government buildings and grounds, including the state Capitol and its grounds, and including displays of the Ten Commandments; and

WHEREAS, the Fraternal Order of Eagles has expressed its willingness to return the monument to the Commonwealth for permanent display on the New State Capitol grounds;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. The Historic Properties Advisory Commission shall:

(1) Retrieve from the Fraternal Order of Eagles, Aerie 3423, Hopkinsville, Kentucky, the Ten Commandments monument given to the Commonwealth of Kentucky in 1971 by the Kentucky State Aerie of the Fraternal Order of Eagles;

(2) Return the monument to the New State Capitol grounds and place it in the part of the New State Capitol grounds identified as Monument Park by the Finance and Administration Cabinet, Division of Historic Properties, within 180 days of the effective date of this Resolution; and

(3) Maintain the monument as a permanent display in Monument Park.

➔Section 2. If for any reason the Commonwealth is no longer able or permitted to exhibit the monument as a permanent display on the New State Capitol grounds after it has been placed in Monument Park under Section 1 of this Resolution, the Historic Properties Advisory Commission shall return the monument to the Fraternal Order of Eagles, Aerie 3423, Hopkinsville, Kentucky.

➔Section 3. The Fraternal Order of Eagles shall bear no costs for the monument's return to and display on the New State Capitol grounds or its subsequent return to and placement with the Fraternal Order of Eagles under Sections 1 and 2 of this Resolution.

Became law without Governor's signature March 27, 2025.

CHAPTER 97

(HB 520)

AN ACT relating to law enforcement records.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 61.878 is amended to read as follows:

(1) The following public records are excluded from the application of KRS 61.870 to 61.884 and shall be subject to inspection only upon order of a court of competent jurisdiction, except that no court shall authorize the inspection by any party of any materials pertaining to civil litigation beyond that which is provided by the Rules of Civil Procedure governing pretrial discovery:

(a) Public records containing information of a personal nature where the public disclosure thereof would constitute a clearly unwarranted invasion of personal privacy;

(b) Records confidentially disclosed to an agency and compiled and maintained for scientific research. This exemption shall not, however, apply to records the disclosure or publication of which is directed by another statute;

(c) 1. Records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records;

2. Records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which are compiled and maintained:

a. In conjunction with an application for or the administration of a loan or grant;

b. In conjunction with an application for or the administration of assessments, incentives, inducements, and tax credits as described in KRS Chapter 154;

c. In conjunction with the regulation of commercial enterprise, including mineral exploration records, unpatented, secret commercially valuable plans, appliances, formulae, or processes, which are used for the making, preparing, compounding, treating, or processing of articles or materials which are trade commodities obtained from a person; or

d. For the grant or review of a license to do business.

3. The exemptions provided for in subparagraphs 1. and 2. of this paragraph shall not apply to records the disclosure or publication of which is directed by another statute;

(d) Public records pertaining to a prospective location of a business or industry where no previous public disclosure has been made of the business' or industry's interest in locating in, relocating within or expanding within the Commonwealth. This exemption shall not include those records pertaining to application to agencies for permits or licenses necessary to do business or to expand business operations within the state, except as provided in paragraph (c) of this subsection;

(e) Public records which are developed by an agency in conjunction with the regulation or supervision of financial institutions, including but not limited to banks, savings and loan associations, and credit unions, which disclose the agency's internal examining or audit criteria and related analytical methods;

(f) The contents of real estate appraisals, engineering or feasibility estimates and evaluations made by or for a public agency relative to acquisition of property, until such time as all of the property has been acquired. The law of eminent domain shall not be affected by this provision;

(g) Test questions, scoring keys, and other examination data used to administer a licensing examination, examination for employment, or academic examination before the exam is given or if it is to be given again;

(h) Records of law enforcement agencies or agencies involved in administrative adjudication that were compiled in the process of detecting and investigating statutory or regulatory violations if the disclosure of the information ***could pose an articulable risk of*** ~~[would]~~ harm ***to*** the agency ***or its investigation*** by revealing the identity of informants ***or witnesses*** not otherwise known or by premature release of information to be used in a prospective law enforcement action or administrative adjudication. Unless exempted by other provisions of KRS 61.870 to 61.884, public records exempted under this provision shall be open after enforcement action is completed or a decision is made to take no action; however, records or information compiled and maintained by county attorneys or Commonwealth's attorneys pertaining to criminal investigations or criminal litigation shall be exempted from the provisions of KRS 61.870 to 61.884 and shall remain exempted after enforcement action, including litigation, is completed or a decision is made to take no action. The exemptions provided by this subsection shall not be used by the custodian of the records to delay or impede the exercise of rights granted by KRS 61.870 to 61.884;

(i) Preliminary drafts, notes, correspondence with private individuals, other than correspondence which is intended to give notice of final action of a public agency;

(j) Preliminary recommendations, and preliminary memoranda in which opinions are expressed or policies formulated or recommended;

(k) All public records or information the disclosure of which is prohibited by federal law or regulation or state law;

(l) Public records or information the disclosure of which is prohibited or restricted or otherwise made confidential by enactment of the General Assembly, including any information acquired by the Department of Revenue in tax administration that is prohibited from divulgence or disclosure under KRS 131.190;

(m) 1. Public records the disclosure of which would have a reasonable likelihood of threatening the public safety by exposing a vulnerability in preventing, protecting against, mitigating, or responding to a terrorist act and limited to:

a. Criticality lists resulting from consequence assessments;

b. Vulnerability assessments;

c. Antiterrorism protective measures and plans;

d. Counterterrorism measures and plans;

e. Security and response needs assessments;

f. Infrastructure records that expose a vulnerability referred to in this subparagraph through the disclosure of the location, configuration, or security of critical systems, including public utility critical systems. These critical systems shall include but not be limited to information technology, communication, electrical, fire suppression, ventilation, water, wastewater, sewage, and gas systems;

g. The following records when their disclosure will expose a vulnerability referred to in this subparagraph: detailed drawings, schematics, maps, or specifications of structural elements, floor plans, and operating, utility, or security systems of any building or facility owned, occupied, leased, or maintained by a public agency; and

h. Records when their disclosure will expose a vulnerability referred to in this subparagraph and that describe the exact physical location of hazardous chemical, radiological, or biological materials.

2. As used in this paragraph, "terrorist act" means a criminal act intended to:

a. Intimidate or coerce a public agency or all or part of the civilian population;

b. Disrupt a system identified in subparagraph 1.f. of this paragraph; or

c. Cause massive destruction to a building or facility owned, occupied, leased, or maintained by a public agency.

3. On the same day that a public agency denies a request to inspect a public record for a reason identified in this paragraph, that public agency shall forward a copy of the written denial of the request, referred to in KRS 61.880(1), to the executive director of the Kentucky Office of Homeland Security and the Attorney General.

4. Nothing in this paragraph shall affect the obligations of a public agency with respect to disclosure and availability of public records under state environmental, health, and safety programs.

5. The exemption established in this paragraph shall not apply when a member of the Kentucky General Assembly seeks to inspect a public record identified in this paragraph under the Open Records Law;

(n) Public or private records, including books, papers, maps, photographs, cards, tapes, discs, diskettes, recordings, software, or other documentation regardless of physical form or characteristics, having historic, literary, artistic, or commemorative value accepted by the archivist of a public university, museum, or government depository from a donor or depositor other than a public agency. This exemption shall apply to the extent that nondisclosure is requested in writing by the donor or depositor of such records, but shall not apply to records the disclosure or publication of which is mandated by another statute or by federal law;

(o) Records of a procurement process under KRS Chapter 45A or 56. This exemption shall not apply after:

1. A contract is awarded; or

2. The procurement process is canceled without award of a contract and there is a determination that the contract will not be resolicited;

(p) Client and case files maintained by the Department of Public Advocacy or any person or entity contracting with the Department of Public Advocacy for the provision of legal representation under KRS Chapter 31;

(q) Except as provided in KRS 61.168, photographs or videos that depict the death, killing, rape, or sexual assault of a person. However, such photographs or videos shall be made available by the public agency to the requesting party for viewing on the premises of the public agency, or a mutually agreed upon location, at the request of;

1. a. Any victim depicted in the photographs or videos, his or her immediate family, or legal representative;

b. Any involved insurance company or its representative; or

c. The legal representative of any involved party;

2. Any state agency or political subdivision investigating official misconduct; or

3. A legal representative for a person under investigation for, charged with, pled guilty to, or found guilty of a crime related to the underlying incident. The person under investigation for, charged with, pled guilty to, or found guilty of a crime related to the underlying incident or their immediate family shall not be permitted to have access to the photographs or videos;

(r) Records confidentially maintained by a law enforcement agency in accordance with a wellness program, including an early intervention system, as described in KRS 15.409; and

(s) Communications of a purely personal nature unrelated to any governmental function.

(2) No exemption in this section shall be construed to prohibit disclosure of statistical information not descriptive of any readily identifiable person.

(3) No exemption in this section shall be construed to deny, abridge, or impede the right of a public agency employee, including university employees, an applicant for employment, or an eligible on a register to inspect and to copy any record including preliminary and other supporting documentation that relates to him or her.

The records shall include but not be limited to work plans, job performance, demotions, evaluations, promotions, compensation, classification, reallocation, transfers, lay-offs, disciplinary actions, examination scores, and preliminary and other supporting documentation. A public agency employee, including university employees, applicant, or eligible shall not have the right to inspect or to copy any examination or any documents relating to ongoing criminal or administrative investigations by an agency.

(4) If any public record contains material which is not excepted under this section, the public agency shall separate the excepted and make the nonexcepted material available for examination.

(5) The provisions of this section shall in no way prohibit or limit the exchange of public records or the sharing of information between public agencies when the exchange is serving a legitimate governmental need or is necessary in the performance of a legitimate government function.

(6) When material is made available pursuant to a request under subsection (1)(q) of this section, the public agency shall not be required to make a copy of the recording except as provided in KRS 61.169, and the requesting parties shall not be limited in the number of times they may view the material.

Became law without Governor's signature March 27, 2025.

CHAPTER 98

(HB 775)

AN ACT relating to fiscal matters.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 65.490 is amended to read as follows:

As used in KRS 65.490 to 65.499, unless the context otherwise requires:

(1) "Agency" means an urban renewal and community development agency of a taxing district located within a county containing a consolidated local government or a city of the first class, established under KRS Chapter 99; a development authority located within a county containing a consolidated local government or a city of the first class established under KRS Chapter 99; a nonprofit corporation located within a county containing a consolidated local government or a city of the first class; or a designated department, division, or office of a county containing a consolidated local government or of a city of the first class;

(2) "Development area" means an area no~~[less than one (1) square mile, nor]~~ more than six (6) square miles, designated in need of public improvements by a local or state government in a county containing a consolidated local government or a city of the first class, a project area as defined in KRS 99.615, or a public project as defined in KRS 58.010 in a county containing a consolidated local government or a city of the first class. "Development area" includes an existing economic development asset;

(3) "Increment" means that amount of money received by any taxing district or the state that is determined by subtracting the amount of old revenues from the amount of new revenues in any year for which a taxing district or the state and an agency have agreed upon under the terms of a contract of release or a grant contract;

(4) "Local government" means a county containing a consolidated local government or a city of the first class;

(5) "New revenues" means the revenues received by any taxing district or the state from a development area in any year after the establishment of the development area;

(6) "Old revenues" means the amount of revenues received by any taxing district or the state from a development area in the last year prior to the establishment of the development area;

(7) "Project" means any urban renewal, redevelopment, or public project undertaken in accordance with the provisions of KRS 65.490 to 65.497, any project undertaken in accordance with KRS 99.610 to 99.680, any project undertaken in accordance with the provisions of KRS Chapter 58, or any "public project" as that term is defined in KRS 58.010 undertaken by a nonprofit corporation located within a county containing a consolidated local government or a city of the first class;

(8) "Release" or "contract of release" or "grant contract" means that agreement by which a taxing district or the state permits the payment to an agency of a portion of increments or an amount equal to a portion of increments received by it in return for the benefits accrued to the taxing district or the state by reason of a project undertaken by an agency in a development area;

(9) "Taxing district" means a consolidated local government, a county containing a city of the first class, a city of the first class that encompasses all or part of a development area, or the state, but does not mean a school district; and

(10) "Pilot program" means a tax increment financing program or a grant program created by an agency within a consolidated local government or a county containing a city of the first class which shall exist for a period of twenty (20) years, and may be extended for a period not to exceed an additional twenty-five (25) years as provided in KRS 65.4931.

➔Section 2. KRS 65.494 is amended to read as follows:

(1) As used in this section:

(a) "Existing development area" means a development area established by a county containing a city of the first class or by a city of the first class prior to March 23, 2007, that is subject to the provisions of a grant contract, Interlocal Cooperation Agreement, or Master Agreement executed prior to March 23, 2007; and

(b) "New development area" means a development area that is created within an existing development area.

(2) ~~[Effective on March 23, 2007,]~~The provisions of KRS 65.490 to 65.499 shall apply only to***:***

(a) Existing development areas***; and***~~[which were established by a county containing a city of the first class or a city of the first class prior to March 23, 2007, and that are subject to the provisions of a grant contract, Interlocal Cooperation Agreement or Master Agreement executed prior to March 23, 2007]~~

(b) New development areas, provided that:

1. The project for the existing development area is amended to remove the new development area from the existing development area;

2. All contracts regarding the application of increment derived from the new development area require not less than ten percent (10%) of the increment be paid to the agency for which the existing development area was established;

3. Notwithstanding KRS 65.495 to the contrary, the payment to the agency under subparagraph 2. of this paragraph shall not be taken into account in determining whether thresholds within the contract have been met; and

4. The amendment of the project for an existing development area is approved by:

a. i. The county containing a city of the first class; or

ii. The city of the first class;

in which the existing development area is located;

b. The state;

c. The agency for which the existing development area was established; and

d. If applicable, the insurer of any bonds issued for the benefit of the agency for which the existing development area was established.

➔Section 3. KRS 131.250 is amended to read as follows:

(1) For the purpose of facilitating the administration of the taxes it administers, the department may require any tax return, report, or statement to be electronically filed.

(2) (a) A person required to electronically file a return, report, or statement may apply for a waiver from the requirement by submitting the request on a form prescribed by the department.

(b) The request shall indicate the lack of one (1) or more of the following:

1. Compatible computer hardware;

2. Internet access; or

3. Other technological capabilities determined relevant by the department.

(3) Beginning July 1, 2026, a licensee:

(a) Holding a microbrewery license and authorized to sell malt beverages under KRS 243.157; and

(b) Required to pay the:

1. Wholesale sales tax under Section 24 of this Act; and

2. Excise tax on malt beverages under subsection (3) of Section 20 of this Act;

shall electronically submit any payment and tax return, report, or statement to the department.

➔Section 4. KRS 132.010 is amended to read as follows:

As used in this chapter, unless the context otherwise requires:

(1) "Department" means the Department of Revenue;

(2) "Taxpayer" means any person made liable by law to file a return or pay a tax;

(3) "Real property":

(a) Means all lands within this state and improvements thereon; and

(b) ~~[For property assessed on January 1, 2024, and on January 1, 2025,]~~Includes but is not limited to mains, pipes, pipelines, and conduits that are:

1. Authorized to be installed in, upon, or under any public or private street or place; and

2. Used or to be used for or in connection with the collection, transmission, distribution, conducting, sale, or furnishing of heat, steam, water, sewage, natural or manufactured gas, or electricity to or for the public;

(4) "Personal property" means every species and character of property, tangible and intangible, other than real property;

(5) "Resident" means any person who has taken up a place of abode within this state with the intention of continuing to abide in this state; any person who has had his or her actual or habitual place of abode in this state for the larger portion of the twelve (12) months next preceding the date as of which an assessment is due to be made shall be deemed to have intended to become a resident of this state;

(6) "Compensating tax rate" means that rate which, rounded to the next higher one-tenth of one cent ($0.001) per one hundred dollars ($100) of assessed value and applied to the current year's assessment of the property subject to taxation by a taxing district, excluding new property and personal property, produces an amount of revenue approximately equal to that produced in the preceding year from real property. However, in no event shall the compensating tax rate be a rate which, when applied to the total current year assessment of all classes of taxable property, produces an amount of revenue less than was produced in the preceding year from all classes of taxable property. For purposes of this subsection, "property subject to taxation" means the total fair cash value of all property subject to full local rates, less the total valuation exempted from taxation by the homestead exemption provision of the Constitution and the difference between the fair cash value and agricultural or horticultural value of agricultural or horticultural land;

(7) "Net assessment growth" means the difference between:

(a) The total valuation of property subject to taxation by the county, city, school district, or special district in the preceding year, less the total valuation exempted from taxation by the homestead exemption provision of the Constitution in the current year over that exempted in the preceding year; and

(b) The total valuation of property subject to taxation by the county, city, school district, or special district for the current year;

(8) "New property" means the net difference in taxable value between real property additions and deletions to the property tax roll for the current year. "Real property additions" shall mean:

(a) Property annexed or incorporated by a municipal corporation, or any other taxing jurisdiction; however, this definition shall not apply to property acquired through the merger or consolidation of school districts, or the transfer of property from one (1) school district to another;

(b) Property, the ownership of which has been transferred from a tax-exempt entity to a nontax-exempt entity;

(c) The value of improvements to existing nonresidential property;

(d) The value of new residential improvements to property;

(e) The value of improvements to existing residential property when the improvement increases the assessed value of the property by fifty percent (50%) or more;

(f) Property created by the subdivision of unimproved property, provided, that when the property is reclassified from farm to subdivision by the property valuation administrator, the value of the property as a farm shall be a deletion from that category;

(g) Property exempt from taxation, as an inducement for industrial or business use, at the expiration of its tax exempt status;

(h) Property, the tax rate of which will change, according to the provisions of KRS 82.085, to reflect additional urban services to be provided by the taxing jurisdiction, provided, however, that the property shall be considered "real property additions" only in proportion to the additional urban services to be provided to the property over the urban services previously provided; and

(i) The value of improvements to real property previously under assessment moratorium.

"Real property deletions" shall be limited to the value of real property removed from, or reduced over the preceding year on, the property tax roll for the current year;

(9) "Agricultural land" means:

(a) Any tract of land, including all income-producing improvements, of at least ten (10) contiguous acres in area used for the production of livestock, livestock products, poultry, poultry products and/or the growing of tobacco and/or other crops including timber;

(b) Any tract of land, including all income-producing improvements, of at least five (5) contiguous acres in area commercially used for aquaculture; or

(c) Any tract of land devoted to and meeting the requirements and qualifications for payments pursuant to agriculture programs under an agreement with the state or federal government;

(10) "Horticultural land" means any tract of land, including all income-producing improvements, of at least five (5) contiguous acres in area commercially used for the cultivation of a garden, orchard, or the raising of fruits or nuts, vegetables, flowers, or ornamental plants;

(11) "Agricultural or horticultural value" means the use value of "agricultural or horticultural land" based upon income-producing capability and comparable sales of farmland purchased for farm purposes where the price is indicative of farm use value, excluding sales representing purchases for farm expansion, better accessibility, and other factors which inflate the purchase price beyond farm use value, if any, considering the following factors as they affect a taxable unit:

(a) Relative percentages of tillable land, pasture land, and woodland;

(b) Degree of productivity of the soil;

(c) Risk of flooding;

(d) Improvements to and on the land that relate to the production of income;

(e) Row crop capability including allotted crops other than tobacco;

(f) Accessibility to all-weather roads and markets; and

(g) Factors which affect the general agricultural or horticultural economy, such as: interest, price of farm products, cost of farm materials and supplies, labor, or any economic factor which would affect net farm income;

(12) "Deferred tax" means the difference in the tax based on agricultural or horticultural value and the tax based on fair cash value;

(13) "Homestead" means real property maintained as the permanent residence of the owner with all land and improvements adjoining and contiguous thereto including but not limited to lawns, drives, flower or vegetable gardens, outbuildings, and all other land connected thereto;

(14) "Residential unit" means all or that part of real property occupied as the permanent residence of the owner;

(15) "Special benefits" are those which are provided by public works not financed through the general tax levy but through special assessments against the benefited property;

(16) "Manufactured home" means a structure manufactured after June 15, 1976, in accordance with the National Manufactured Housing Construction and Safety Standards Act, transportable in one (1) or more sections, which when erected on site measures eight (8) body feet or more in width and thirty-two (32) body feet or more in length, and which is built on a permanent chassis and designed to be used as a dwelling, with or without a permanent foundation, when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. It may be used as a place of residence, business, profession, or trade by the owner, lessee, or their assignees and may consist of one (1) or more units that can be attached or joined together to comprise an integral unit or condominium structure;

(17) "Mobile home" means a structure manufactured on or before June 15, 1976, that was not required to be constructed in accordance with the National Manufactured Housing Construction and Safety Standards Act, transportable in one (1) or more sections, which when erected on site measures eight (8) body feet or more in width and thirty-two (32) body feet or more in length, and which is built on a permanent chassis and designed to be used as a dwelling, with or without a permanent foundation, when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. It may be used as a place of residence, business, profession, or trade by the owner, lessee, or their assigns and may consist of one (1) or more units that can be attached or joined together to comprise an integral unit or condominium structure;

(18) "Modular home" means a structure which is certified by its manufacturer as being constructed in accordance with all applicable provisions of the Kentucky Building Code and standards adopted by the local authority which has jurisdiction, transportable in one (1) or more sections, and designed to be used as a dwelling on a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein;

(19) "Prefabricated home" means a manufactured home, a mobile home, or a modular home;

(20) "Recreational vehicle" means a vehicular type unit primarily designed as temporary living quarters for recreational, camping, or travel use, which either has its own motive power or is mounted on or drawn by another vehicle. The basic entities are: travel trailer, camping trailer, truck camper, and motor home. As used in this subsection:

(a) "Travel trailer" means a vehicular unit, mounted on wheels, designed to provide temporary living quarters for recreational, camping, or travel use, and of a size or weight that does not require special highway movement permits when drawn by a motorized vehicle, and with a living area of less than two hundred twenty (220) square feet, excluding built-in equipment (such as wardrobes, closets, cabinets, kitchen units or fixtures) and bath and toilet rooms;

(b) "Camping trailer" means a vehicular portable unit mounted on wheels and constructed with collapsible partial side walls which fold for towing by another vehicle and unfold at the camp site to provide temporary living quarters for recreational, camping, or travel use;

(c) "Truck camper" means a portable unit constructed to provide temporary living quarters for recreational, travel, or camping use, consisting of a roof, floor, and sides, designed to be loaded onto and unloaded from the bed of a pick-up truck; and

(d) "Motor home" means a vehicular unit designed to provide temporary living quarters for recreational, camping, or travel use built on or permanently attached to a self-propelled motor vehicle chassis or on a chassis cab or van which is an integral part of the completed vehicle;

(21) "Hazardous substances" shall have the meaning provided in KRS 224.1-400;

(22) "Pollutant or contaminant" shall have the meaning provided in KRS 224.1-400;

(23) "Release" shall have the meaning as provided in either or both KRS 224.1-400 and KRS 224.60-115;

(24) "Qualifying voluntary environmental remediation property" means real property subject to the provisions of KRS 224.1-400 and 224.1-405, or 224.60-135 where the Energy and Environment Cabinet has made a determination that:

(a) All releases of hazardous substances, pollutants, contaminants, petroleum, or petroleum products at the property occurred prior to the property owner's acquisition of the property;

(b) The property owner has made all appropriate inquiry into previous ownership and uses of the property in accordance with generally accepted practices prior to the acquisition of the property;

(c) The property owner or a responsible party has provided all legally required notices with respect to hazardous substances, pollutants, contaminants, petroleum, or petroleum products found at the property;

(d) The property owner is in compliance with all land use restrictions and does not impede the effectiveness or integrity of any institutional control;

(e) The property owner complied with any information request or administrative subpoena under KRS Chapter 224; and

(f) The property owner is not affiliated with any person who is potentially liable for the release of hazardous substances, pollutants, contaminants, petroleum, or petroleum products on the property pursuant to KRS 224.1-400, 224.1-405, or 224.60-135, through:

1. Direct or indirect familial relationship;

2. Any contractual, corporate, or financial relationship, excluding relationships created by instruments conveying or financing title or by contracts for sale of goods or services; or

3. Reorganization of a business entity that was potentially liable;

(25) "Intangible personal property" means stocks, mutual funds, money market funds, bonds, loans, notes, mortgages, accounts receivable, land contracts, cash, credits, patents, trademarks, copyrights, tobacco base, allotments, annuities, deferred compensation, retirement plans, and any other type of personal property that is not tangible personal property;

(26) (a) "County" means any county, consolidated local government, urban-county government, unified local government, or charter county government;

(b) "Fiscal court" means the legislative body of any county, consolidated local government, urban-county government, unified local government, or charter county government; and

(c) "County judge/executive" means the chief executive officer of any county, consolidated local government, urban-county government, unified local government, or charter county government;

(27) "Taxing district" means any entity with the authority to levy a local ad valorem tax, including special purpose governmental entities;

(28) "Special purpose governmental entity" shall have the same meaning as in KRS 65A.010, and as used in this chapter shall include only those special purpose governmental entities with the authority to levy ad valorem taxes, and that are not specifically exempt from the provisions of this chapter by another provision of the Kentucky Revised Statutes;

(29) (a) "Broadcast" means the transmission of audio, video, or other signals, through any electronic, radio, light, or similar medium or method now in existence or later devised over the airwaves to the public in general.

(b) "Broadcast" shall not apply to operations performed by multichannel video programming service providers as defined in KRS 136.602 or any other operations that transmit audio, video, or other signals, exclusively to persons for a fee;

(30) "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes, and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid species;

(31) "Heavy equipment rental agreement" means the short-term rental contract under which qualified heavy equipment is rented without an operator for a period:

(a) Not to exceed three hundred sixty-five (365) days; or

(b) That is open-ended under the terms of the contract with no specified end date;

(32) "Heavy equipment rental company" means an entity that is primarily engaged in a line of business described in Code 532412 or 532310 of the North American Industry Classification System Manual in effect on January 1, 2019;

(33) "Qualified heavy equipment" means machinery and equipment, including ancillary equipment and any attachments used in conjunction with the machinery and equipment, that is:

(a) Primarily used and designed for construction, mining, forestry, or industrial purposes, including but not limited to cranes, earthmoving equipment, well-drilling machinery and equipment, lifts, material handling equipment, pumps, generators, and pollution-reducing equipment; and

(b) Held in a heavy equipment rental company's inventory for:

1. Rental under a heavy equipment rental agreement; or

2. Sale in the regular course of business;

(34) "Veteran service organization" means an organization wholly dedicated to advocating on behalf of military veterans and providing charitable programs in honor and on behalf of military veterans;

(35) "Government restriction on use" means a limitation on the use of at least fifty percent (50%) of the individual dwelling units of a multi-unit rental housing in order to receive a federal or state government incentive based on low-income renter restrictions, including the following government incentives:

(a) A tax credit under Section 42 of the Internal Revenue Code;

(b) Financing derived from exempt facility bonds for qualified residential rental projects under Section 142 of the Internal Revenue Code;

(c) A low-interest loan under Section 235 or 236 of the National Housing Act or Section 515 of the Housing Act of 1949;

(d) A rent subsidy;

(e) A guaranteed loan;

(f) A grant; or

(g) A guarantee;

(36) "Low income" means earning at or below eighty percent (80%) of the area median income as defined by the United States Department of Housing and Urban Development for the location of the multi-unit rental housing; and

(37) "Multi-unit rental housing" means residential property or project consisting of four (4) or more individual dwelling units and does not include:

(a) Assisted living facilities; or

(b) Duplexes or single-family units unless they are included as part of a larger property that is subject to government restriction on use.

➔Section 5. KRS 136.010 is amended to read as follows:

As used in this chapter, except for KRS 136.500 to 136.575, unless the context requires otherwise:

(1) "Out-of-state business property" means all real and personal property having a taxable situs outside this state owned by a corporation for use in the active conduct of a trade or business;

(2) "Personal property" means every species and character of property, tangible and intangible, other than real property;

(3) "Real property":

(a) Means all lands within this state and improvements thereon; and

(b) ~~[For property assessed on January 1, 2024, and on January 1, 2025,]~~Includes but is not limited to mains, pipes, pipelines, and conduits that are:

1. Authorized to be installed in, upon, or under any public or private street or place; and

2. Used or to be used for or in connection with the collection, transmission, distribution, conducting, sale, or furnishing of heat, steam, water, sewage, natural or manufactured gas, or electricity to or for the public; and

(4) "Tax exempt United States obligations" means all obligations of the United States exempt from taxation under 31 U.S.C. sec. 3124(a) or exempt under the United States Constitution or any federal statute including the obligations of any instrumentality or agency of the United States which are exempt from state or local taxation under the United States Constitution or any statute of the United States.

➔Section 6. KRS 132.140 is amended to read as follows:

(1) The department shall fix the value of the distilled spirits for the purpose of taxation, assess the same at its fair cash value, estimated at the price it would bring at a fair voluntary sale, calculate the exempt portion of the property taxes, and keep a record of the valuations and assessments. The department shall immediately notify the owner or proprietor of the bonded warehouse or premises of the amount fixed, including the portion of the property tax exemption as calculated in subsection (3) of this section.

(2) (a) For purposes of this subsection only***, "revenue bond-financed warehouse"***~~[:~~

~~1. "Premises"]~~ means a bonded warehouse ***or premises*** containing distilled spirits:

1. Owned by a tax-exempt governmental unit or tax-exempt statutory authority under KRS Chapter 103;

2.~~[a.]~~ The costs of which are financed by one (1) or more series of industrial ***revenue*** bonds under KRS Chapter 103 issued prior to January 1, 2024; and

3.~~[b.]~~ Any portion of the costs of which remains financed by those ***industrial revenue*** bonds during any portion of the calendar year~~[; and~~

~~2. "Taxpayer" means the owner, proprietor, or custodian of one (1) or more premises]~~.

(b) Notwithstanding subsection (3) of this section, ***for the taxation of distilled spirits stored or aging in barrels in a revenue bond-financed warehouse:***

1. One hundred percent (100%) of the assessed value of the distilled spirits shall be subject to the applicable state and local ad valorem taxes; and

2. The state and local tax rate that may be levied on ***the*** distilled spirits~~[for a taxpayer of a premises]~~ shall be the state and local tax rate for tax assessments made on January 1, 2023.

(c) Distilled spirits stored or aging in barrels ***in a revenue bond-financed***~~[located in a bonded]~~ warehouse~~[or premises]~~ shall be exempt from state and local ad valorem taxes for tax assessments made on or after January 1, 2043.

(3) ***For***~~[The maximum state and local tax rate that may be levied on]~~ distilled spirits stored or aging in barrels located in a bonded warehouse or premises***, the portion of the assessed value that is subject to state and local ad valorem taxes*** shall be as follows:

(a) Ninety-six percent (96%) of the ***assessed value***~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2026;

(b) Ninety-two percent (92%) of the ***assessed value***~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2027;

(c) Eighty-eight percent (88%) of the ***assessed value***~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2028;

(d) Eighty-four percent (84%) of the ***assessed value***~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2029;

(e) Eighty percent (80%) of the ***assessed value***~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2030;

(f) Seventy-six percent (76%) of the ***assessed value***~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2031;

(g) Seventy-two percent (72%) of the ***assessed value***~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2032;

(h) Sixty-eight percent (68%) of the ***assessed value*** ~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2033;

(i) Sixty-one percent (61%) of the ***assessed value*** ~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2034;

(j) Fifty-four percent (54%) of the ***assessed value*** ~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2035;

(k) Forty-four percent (44%) of the ***assessed value*** ~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2036;

(l) Thirty-eight percent (38%) of the ***assessed value*** ~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2037;

(m) Thirty-two percent (32%) of the ***assessed value*** ~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2038;

(n) Twenty-four percent (24%) of the ***assessed value*** ~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2039;

(o) Twenty percent (20%) of the ***assessed value*** ~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2040;

(p) Fifteen percent (15%) of the ***assessed value*** ~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2041; and

(q) Eight percent (8%) of the ***assessed value*** ~~[otherwise applicable tax rate]~~ for tax assessments made on January 1, 2042.

(4) Distilled spirits stored or aging in barrels located in a bonded warehouse or premises shall be exempt from state and local ad valorem taxes for tax assessments made on or after January 1, 2043.

(5) If any owner, proprietor, or custodian of a bonded warehouse or premises fails to make the report required by KRS 132.130, the department shall ascertain the necessary facts required to be reported. For that purpose the department shall have access to the records of the owner, proprietor, or custodian; and the assessment shall be made and taxes collected thereon, with interest and penalties, as though regularly reported.

(6) The assessment made under (1) of this section shall be reviewed according to KRS 131.110.

➔Section 7. KRS 138.208 is amended to read as follows:

(1) As used in this section:

(a) ***"Bonded warehouse or premises" does not include a revenue bond-financed warehouse as defined in Section 6 of this Act for periods prior to the 2043 calendar year;***

(b) "Local jurisdiction" means:

1. A school district;

2. A fire protection district or subdistrict authorized to levy the ad valorem tax permitted by KRS 75.015 and 75.040 and that provides fire or other emergency services; and

3. An area served by an emergency services board that levies the ad valorem tax permitted by KRS 75A.050 and provides fire or other emergency services~~[;~~

~~(b) "Premises" means a bonded warehouse containing distilled spirits]~~; and

(c) "Taxpayer" means the owner, proprietor, or custodian of one (1) ***or*** ~~[of]~~ more ***bonded warehouses or*** premises.

(2) Beginning with the 2026 calendar year and for each subsequent calendar year thereafter, in addition to any ad valorem taxes collected under KRS 132.150, there is imposed a replacement tax on every taxpayer with a ***bonded warehouse or*** premises located in a local jurisdiction that collected ad valorem tax during calendar year 2025.

(3) The total replacement tax for each school district shall be:

(a) An amount that is not less than zero; and

(b) The result from the following calculation:

1. The ad valorem tax under KRS 132.150 on distilled spirits stored or aging in a ***bonded warehouse or*** premises collected by or on behalf of the school district during calendar year 2023;

2. Minus the amount of the ad valorem tax under KRS 132.150 ***on distilled spirits stored or aging in a bonded warehouse or premises*** collected by or on behalf of the school district for the applicable calendar year; and

3. Minus the amount by which the Support Education Excellence in Kentucky program under KRS 157.310 to 157.440 final calculation for the school year ending during the applicable calendar year exceeds the Support Education Excellence in Kentucky program final calculation for the 2022-2023 school year, as determined by the Department of Education under KRS 157.410(3). For purposes of the Support Education Excellence in Kentucky final calculation under this subparagraph, the average daily attendance and equalization ratio for the school year ending during the applicable calendar year shall not be less than those for the 2022-2023 school year final calculation.

(4) The total replacement tax for each fire district or emergency services board shall be:

(a) An amount that is not less than zero; and

(b) The result from the following calculation:

1. The ad valorem tax under KRS 132.150 on distilled spirits stored or aging in a ***bonded warehouse or*** premises collected by or on behalf of the fire district or emergency services board during calendar year 2025;

2. Minus the amount of the ad valorem tax under KRS 132.150 ***on distilled spirits stored or aging in a bonded warehouse or premises*** collected by or on behalf of the district or board for the applicable calendar year.

(5) (a) Each year the department shall assess taxpayers the replacement tax for the preceding calendar year in proportion to the number of barrels of distilled spirits stored and aging at their ***bonded warehouse or*** premises in the local jurisdiction on January 1 of that preceding calendar year.

(b) If a business-wide reduction or extraordinary event occurs, any taxpayer may apply to the secretary of the Finance and Administration Cabinet for a reduction in the taxpayer's replacement tax assessment.

(c) For purposes of this subsection:

1. "Business-wide reduction" means that the volume of distilled spirits ***distilled and barreled***~~[produced]~~ by all taxpayers at all business locations in this state during the applicable calendar year is less than the volume of distilled spirits ***distilled and barreled*** at all business locations in this state in calendar year 2025; and

2. "Extraordinary event" means a pandemic, epidemic, restrictive governmental laws or regulations enacted after March 31, 2023, riots, insurrection, war, acts of a government authority imposed after March 31, 2023, court orders issued after March 31, 2023, a natural disaster, a decrease in sales in excess of ten percent (10%), or other reason of a like nature determined by the secretary not to be the fault of the taxpayer and any other items determined by the secretary to be beyond the taxpayer's reasonable control, which prevents the taxpayer from ***distilling or barreling***~~[producing]~~ distilled spirits.

(6) All revenues received by the department from the tax imposed by this section shall be distributed to the local jurisdiction for which the tax was levied within sixty (60) days from the date received.

(7) The department shall administer the replacement tax levied by this section and, in conjunction or consultation with any agency representing a local jurisdiction, may promulgate administrative regulations to implement this section.

➔Section 8. KRS 157.362 is amended to read as follows:

The portion of the assessed value of distilled spirits ***exempted from ad valorem taxes under Section 6 of this Act***~~[which equates to the percentage of the otherwise applicable tax rate that does not apply under KRS 132.140(3)]~~ shall not be included in the calculation of the local effort required for Support Education Excellence in Kentucky or the tax rate-setting process in KRS Chapter 160.

➔Section 9. KRS 141.020 is amended to read as follows:

(1) An annual tax shall be paid for each taxable year by every resident individual of this state upon his or her entire net income as defined in this chapter. The tax shall be determined by applying the rates in subsection (2) of this section to net income and subtracting allowable tax credits provided in subsection (3) of this section.

(2) (a) As used in this subsection:

1. "Balance in the BRTF at the end of a fiscal year" means the budget reserve trust fund account established in KRS 48.705 and includes the following amounts and actions resulting from the final close of the fiscal year:

a. The amount of moneys in the fund at the end of a fiscal year;

b. All close-out actions related to a budget reduction plan under KRS 48.130 or as modified in a branch budget bill; and

c. All close-out actions related to the surplus expenditure plan under KRS 48.140 or as modified in a branch budget bill;

2. "GF appropriations" means the authorization by the General Assembly to expend GF moneys, excluding:

a. Continuing appropriations;

b. Any appropriation to the budget reserve trust fund;

c. Any lump-sum appropriation to a state-administered retirement system, as defined in KRS 7A.210, that is in excess of the appropriations specifically budgeted to meet the recurring statutorily required contributions or recurring actuarially determined contributions for a state-administered retirement system under KRS 21.525, 61.565, 61.702, 78.635, 78.5536, or 161.550, as applicable; and

d. Any appropriation from the budget reserve trust fund account established in KRS 48.705 that is:

i. Solely supported by moneys from the budget reserve trust fund account; and

ii. Specifically identified in the appropriation language as not being a GF appropriation for the purposes of this section;

3. "GF moneys" means receipts deposited in the general fund defined in KRS 48.010, excluding tobacco moneys deposited in the fund established in KRS 248.654;

4. "IIT equivalent" means the amount of reduction in GF moneys resulting from a one (1) percentage point reduction to the individual income tax rate and shall be calculated by dividing the actual individual income tax receipts for the fiscal year under consideration by:

a. The sum of:

i. The individual income tax rate, expressed as a percentage, for the first six (6) months of the fiscal year; and

ii. The individual income tax rate, expressed as a percentage, for the second six (6) months of the fiscal year; and

b. Dividing the sum determined in subdivision a. of this subparagraph by two (2); ***and***

5. ***For analysis through fiscal year 2024-2025 and for reporting through September 5, 2025:***

a. "Reduction conditions" means:

i. ~~[a.]~~ The balance in the BRTF at the end of a fiscal year shall be equal to or greater than ten percent (10%) of the GF moneys for that fiscal year; and

ii. ~~[b.]~~ GF moneys at the end of a fiscal year shall be equal to or greater than GF appropriations for that fiscal year plus the IIT equivalent for that fiscal year; and

b. ~~[6.]~~ "Tax rate reduction" means the current tax rate minus five-tenths of one percent (0.5%).

(b) 1. For the analysis for fiscal year 2025-2026 and fiscal year 2026-2027, and for reporting on or before September 5, 2026, and September 5, 2027, "tax rate reduction conditions" means the greatest reduction achieved under subparagraphs 2. and 3. of this paragraph.

2. If:

a. The balance in the BRTF at the end of a fiscal year is equal to or greater than ten percent (10%) of the GF moneys for that fiscal year; and

b. GF moneys at the end of a fiscal year are equal to or greater than GF appropriations for that fiscal year plus an amount that falls within a range of greater than fifty percent (50%) but less than one hundred percent (100%) of the IIT equivalent for that fiscal year;

then the tax rate reduction may be the current tax rate minus twenty-five one-hundredths of one percent (0.25%).

3. If:

a. The balance in the BRTF at the end of a fiscal year is equal to or greater than ten percent (10%) of the GF moneys for that fiscal year; and

b. GF moneys at the end of a fiscal year are equal to or greater than GF appropriations for that fiscal year plus the IIT equivalent for that fiscal year;

then the tax rate reduction may be the current tax rate minus five-tenths of one percent (0.5%).

(c) 1. For the analysis for fiscal year 2027-2028 and each fiscal year thereafter and for reporting on or before September 5, 2028, and each September 5 thereafter, "tax rate reduction conditions" means the greatest reduction achieved under subparagraphs 2. to 6. of this paragraph.

2. If:

a. The balance in the BRTF at the end of a fiscal year is equal to or greater than ten percent (10%) of the GF moneys for that fiscal year; and

b. GF moneys at the end of a fiscal year are equal to or greater than GF appropriations for that fiscal year plus an amount that falls within a range of equal to or greater than twenty percent (20%) but not greater than thirty-nine percent (39%) of the IIT equivalent for that fiscal year;

then the tax rate reduction may be the current tax rate minus one-tenth of one percent (0.1%).

3. If:

a. The balance in the BRTF at the end of a fiscal year is equal to or greater than ten percent (10%) of the GF moneys for that fiscal year; and

b. GF moneys at the end of a fiscal year are equal to or greater than GF appropriations for that fiscal year plus an amount that falls within a range of equal to or greater than forty percent (40%) but not greater than fifty-nine percent (59%) of the IIT equivalent for that fiscal year;

then the tax rate reduction may be the current tax rate minus two-tenths of one percent (0.2%).

4. If:

a. The balance in the BRTF at the end of a fiscal year is equal to or greater than ten percent (10%) of the GF moneys for that fiscal year; and

b. GF moneys at the end of a fiscal year are equal to or greater than GF appropriations for that fiscal year plus an amount that falls within a range of equal to or greater than sixty percent (60%) but not greater than seventy-nine percent (79%) of the IIT equivalent for that fiscal year;

then the tax rate reduction may be the current tax rate minus three-tenths of one percent (0.3%).

5. If:

a. The balance in the BRTF at the end of a fiscal year is equal to or greater than ten percent (10%) of the GF moneys for that fiscal year; and

b. GF moneys at the end of a fiscal year are equal to or greater than GF appropriations for that fiscal year plus an amount that falls within a range of equal to or greater than eighty percent (80%) but not greater than ninety-nine percent (99%) of the IIT equivalent for that fiscal year;

then the tax rate reduction may be the current tax rate minus four-tenths of one percent (0.4%).

6. If:

a. The balance in the BRTF at the end of a fiscal year is equal to or greater than ten percent (10%) of the GF moneys for that fiscal year; and

b. GF moneys at the end of a fiscal year are equal to or greater than GF appropriations for that fiscal year plus the IIT equivalent for that fiscal year;

then the tax rate reduction may be the current tax rate minus five-tenths of one percent (0.5%).

(d)~~[(b)]~~ For taxable years beginning on or after January 1, 2023, but prior to January 1, 2024, the tax shall be four and one-half percent (4.5%) of net income.

(e)~~[(c)]~~ For taxable years beginning on or after January 1, 2024, ***but before January 1, 2026,*** the tax shall be four percent (4%) of net income.

(f) For taxable years beginning on or after January 1, 2026, the tax shall be three and one-half percent (3.5%) of net income.

(g)~~[(d)]~~ 1. For taxable years beginning on or after January 1, ***2027***~~[2025]~~, the income tax rate may be reduced according to the annual process established in***:***

a. Subparagraph~~[subparagraphs]~~ 2. ***or 3. of this paragraph; and***

b. Subparagraph 4.~~[to 5.]~~ of this paragraph.

2. ***a.*** The Office of State Budget Director shall review the reduction conditions for the fiscal year ***2024-2025***~~[2022-2023]~~ no later than September 1, ***2025***~~[2023]~~.

b.~~[3.]~~ After reviewing the reduction conditions under ***subdivision a. of this*** subparagraph~~[2. of this paragraph]~~, the Office of State Budget Director shall, no later than September 5, ***2025***~~[2023]~~, report to the Interim Joint Committee on Appropriations and Revenue:

i.~~[a.]~~ Whether the reduction conditions for the fiscal year ***2024-2025***~~[2022-2023]~~ have been met; and

ii.~~[b.]~~ The amounts associated with each item within the reduction conditions used for making that determination.

c. i.~~[4. a.]~~ If the reduction conditions have been met for fiscal year ***2024-2025***~~[2022-2023]~~, the General Assembly may take action to reduce the rate in paragraph ***(f)***~~[(c)]~~ of this subsection for the taxable year beginning January 1, ***2027***~~[2025]~~.

ii.~~[b.]~~ If the reduction conditions have not been met for fiscal year ***2024-2025***~~[2022-2023]~~ or the General Assembly does not take action to reduce the rate in paragraph ***(f)***~~[(c)]~~ of this subsection, the department shall maintain the rate in paragraph ***(f)***~~[(c)]~~ of this subsection for the taxable year beginning January 1, ***2027***~~[2025]~~.

3. a. The Office of State Budget Director shall review the tax rate reduction conditions for the fiscal year 2025-2026 no later than September 1, 2026.

b. After reviewing the tax rate reduction conditions under subdivision a. of this subparagraph, the Office of State Budget Director shall, no later than September 5, 2026, report to the Interim Joint Committee on Appropriations and Revenue:

i. Whether the tax rate reduction conditions for the fiscal year 2025-2026 have

been met; and

ii. The amounts associated with each item within the tax rate reduction conditions used for making that determination.

c. i. If the tax rate reduction conditions have been met for fiscal year 2025-2026, the General Assembly may take action to reduce the rate in paragraph (f) of this subsection for the taxable year beginning January 1, 2028.

ii. If the tax rate reduction conditions have not been met for fiscal year 2025-2026 or the General Assembly does not take action to reduce the rate in paragraph (f) of this subsection, the department shall maintain the rate in paragraph (f) of this subsection for the taxable year beginning January 1, 2028.

4.~~[5.]~~ a. The Office of State Budget Director shall implement an annual process to review and report future reduction conditions ***or tax rate reduction conditions*** at the same time and in the same manner for each fiscal year subsequent to the fiscal year ***2024-2025***~~[2022-2023]~~ and each taxable year subsequent to the taxable year beginning January 1, ***2027***~~[2025]~~.

b. The department shall not implement an income tax rate reduction without an action by the General Assembly.

c. The annual process shall continue until the income tax rate is zero.

(h)~~[(e)]~~ For taxable years beginning on or after January 1, 2018, but before January 1, 2023, the tax shall be five percent (5%) of net income.

(i)~~[(f)]~~ For taxable years beginning after December 31, 2004, and before January 1, 2018, the tax shall be determined by applying the following rates to net income:

1. Two percent (2%) of the amount of net income up to three thousand dollars ($3,000);
2. Three percent (3%) of the amount of net income over three thousand dollars ($3,000) and up to four thousand dollars ($4,000);
3. Four percent (4%) of the amount of net income over four thousand dollars ($4,000) and up to five thousand dollars ($5,000);
4. Five percent (5%) of the amount of net income over five thousand dollars ($5,000) and up to eight thousand dollars ($8,000);
5. Five and eight-tenths percent (5.8%) of the amount of net income over eight thousand dollars ($8,000) and up to seventy-five thousand dollars ($75,000); and
6. Six percent (6%) of the amount of net income over seventy-five thousand dollars ($75,000).

(3) (a) The following tax credits, when applicable, shall be deducted from the result obtained under subsection (2) of this section to arrive at the annual tax:

1. a. For taxable years beginning before January 1, 2014, twenty dollars ($20) for an unmarried individual; and

b. For taxable years beginning on or after January 1, 2014, and before January 1, 2018, ten dollars ($10) for an unmarried individual;

2. a. For taxable years beginning before January 1, 2014, twenty dollars ($20) for a married individual filing a separate return and an additional twenty dollars ($20) for the spouse of taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, had no Kentucky gross income and is not the dependent of another taxpayer; or forty dollars ($40) for married persons filing a joint return, provided neither spouse is the dependent of another taxpayer. The determination of marital status for the purpose of this section shall be made in the manner prescribed in Section 153 of the Internal Revenue Code; and

b. For taxable years beginning on or after January 1, 2014, and before January 1, 2018, ten dollars ($10) for a married individual filing a separate return and an additional ten dollars ($10) for the spouse of a taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, had no

Kentucky gross income and is not the dependent of another taxpayer; or twenty dollars ($20) for married persons filing a joint return, provided neither spouse is the dependent of another taxpayer. The determination of marital status for the purpose of this section shall be made in the manner prescribed in Section 153 of the Internal Revenue Code;

3. a. For taxable years beginning before January 1, 2014, twenty dollars ($20) credit for each dependent. No credit shall be allowed for any dependent who has made a joint return with his or her spouse; and

   b. For taxable years beginning on or after January 1, 2014, and before January 1, 2018, ten dollars ($10) credit for each dependent. No credit shall be allowed for any dependent who has made a joint return with his or her spouse;

4. An additional forty dollars ($40) credit if the taxpayer has attained the age of sixty-five (65) before the close of the taxable year;

5. An additional forty dollars ($40) credit for taxpayer's spouse if a separate return is made by the taxpayer and if the taxpayer's spouse has attained the age of sixty-five (65) before the close of the taxable year, and, for the calendar year in which the taxable year of the taxpayer begins, has no Kentucky gross income and is not the dependent of another taxpayer;

6. An additional forty dollars ($40) credit if the taxpayer is blind at the close of the taxable year;

7. An additional forty dollars ($40) credit for taxpayer's spouse if a separate return is made by the taxpayer and if the taxpayer's spouse is blind, and, for the calendar year in which the taxable year of the taxpayer begins, has no Kentucky gross income and is not the dependent of another taxpayer; and

8. An additional twenty dollars ($20) credit shall be allowed if the taxpayer is a member of the Kentucky National Guard at the close of the taxable year.

(b) In the case of nonresidents, the tax credits allowable under this subsection shall be the portion of the credits that are represented by the ratio of the taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to the taxpayer's adjusted gross income as defined in Section 62 of the Internal Revenue Code. However, in the case of a married nonresident taxpayer with income from Kentucky sources, whose spouse has no income from Kentucky sources, the taxpayer shall determine allowable tax credit(s) by either:

1. The method contained above applied to the taxpayer's tax credit(s), excluding credits for a spouse and dependents; or

2. Prorating the taxpayer's tax credit(s) plus the tax credits for the taxpayer's spouse and dependents by the ratio of the taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to the total joint federal adjusted gross income of the taxpayer and the taxpayer's spouse.

(c) In the case of a part-year resident, the tax credits allowable under this subsection shall be the portion of the credits represented by the ratio of the taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to the taxpayer's adjusted gross income as defined in Section 62 of the Internal Revenue Code.

(4) An annual tax shall be paid for each taxable year as specified in this section upon the entire net income except as herein provided, from all tangible property located in this state, from all intangible property that has acquired a business situs in this state, and from business, trade, profession, occupation, or other activities carried on in this state, by natural persons not residents of this state. A nonresident individual shall be taxable only upon the amount of income received by the individual from labor performed, business done, or from other activities in this state, from tangible property located in this state, and from intangible property which has acquired a business situs in this state; provided, however, that the situs of intangible personal property shall be at the residence of the real or beneficial owner and not at the residence of a trustee having custody or possession thereof. For taxable years beginning on or after January 1, 2021, but before January 1, 2027, the tax imposed by this section shall not apply to a disaster response employee or to a disaster response business. The remainder of the income received by ***the*** ~~[such]~~ nonresident shall be deemed nontaxable by this state.

(5) Subject to the provisions of KRS 141.081, any individual may elect to pay the annual tax imposed by KRS 141.023 in lieu of the tax levied under this section.

(6) A part-year resident is subject to taxation, as prescribed in subsection (1) of this section, during that portion of the taxable year that the individual is a resident and, as prescribed in subsection (4) of this section, during that portion of the taxable year when the individual is a nonresident.

➔Section 10. KRS 141.381 is amended to read as follows:

(1) As used in this section:

(a) "Corporation" means the Bluegrass State Skills Corporation established by KRS 154.12-205;

(b) "Educational institution" means a regionally accredited college, university, or technical school;

(c) "Metropolitan College" means a nonprofit consortium that includes educational institutions located within the Commonwealth and the qualified taxpayer as members. The purpose of Metropolitan College shall be to provide postsecondary educational opportunities to employees of the qualified taxpayer as part of a combined work and postsecondary education program;

(d) "Other educational expenses" means the same kinds of educational expenses that were permitted under the Metropolitan College Consortium Agreement approved November 5, 2005; and

(e) "Qualified taxpayer" means any taxpayer who, on June 26, 2009, is a party to the Metropolitan College Consortium Agreement approved November 5, 2005.

(2) To be eligible for the tax credit provided by this section, a qualified taxpayer shall be a partner in Metropolitan College.

(3) A qualified taxpayer shall be allowed a nonrefundable credit against the tax imposed by KRS 141.020 or 141.040, and KRS 141.0401, for each taxable year beginning on or after July 1, 2010, in the amount of fifty percent (50%) of the actual costs incurred by the qualified taxpayer for:

(a) Tuition paid to an educational institution for a student participating in the Metropolitan College; and

(b) Other educational expenses paid on behalf of a student participating in the Metropolitan College;

on behalf of employees of the qualified corporation, for up to two thousand eight hundred (2,800) employees each year.

(4) To claim the credit each year, the qualified taxpayer shall, on an annual basis, submit to the corporation information listing each employee of the qualified taxpayer for whom tuition or other educational expenses were paid, the amount paid on behalf of each employee, and the amount of credit the qualified company is eligible to claim. The corporation shall review the information provided by the qualified company, and shall notify the department and the qualified company of the amount of credit the qualified company is eligible to claim.

(5) The credit allowed by this section for any taxable year shall not exceed the tax liability of the taxpayer for the taxable year. Any credit not used may be carried forward to subsequent years.

(6) The qualified company shall provide to the corporation and the department any information and documentation requested for the purpose of monitoring the credit established by this section.

(7) The approved company shall maintain records and submit information as required by the corporation and the department. The corporation may share information provided by the approved company with the department for the purpose of monitoring the credit established by this section.

(8) The corporation may, through the promulgation of administrative regulations in accordance with KRS Chapter 13A, establish additional standards or requirements for the administration of this section.

(9) The credit established by this section shall expire on April 15, ***2037*** ~~[2027]~~, unless extended by the General Assembly.

➔Section 11. KRS 148.851 is amended to read as follows:

As used in 148.851 to 148.860, unless the context clearly indicates otherwise:

(1) "Agreement" means the tourism development agreement entered into between the authority and an approved company;

(2) "Approved company" means any eligible company that has received final approval to receive incentives provided under KRS 148.853;

(3) "Approved costs" means the amount of eligible costs approved by the authority upon completion of the project;

(4) "Authority" means the Kentucky Tourism Development Finance Authority as set forth in KRS 148.850;

(5) "Cabinet" means the Tourism, Arts and Heritage Cabinet;

(6) "Crafts and products center" means a facility primarily devoted to the display, promotion, and sale of Kentucky products, and at which a minimum of eighty percent (80%) of the sales occurring at the facility are of Kentucky arts, crafts, or agricultural products;

(7) "Eligible company" means any corporation, limited liability company, partnership, limited partnership, sole proprietorship, business trust, or any other entity operating or intending to operate a tourism development project;

(8) "Eligible costs" means:

(a) Obligations incurred for labor and amounts paid to vendors, contractors, subcontractors, builders, suppliers, deliverymen, and materialmen in connection with the acquisition, construction, equipping, and installation of a tourism development project;

(b) The costs of acquiring real property or rights include the acquisition of real property by a leasehold interest with a minimum term of ten (10) years, and any costs incidental thereto;

(c) The cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of the acquisition, construction, equipping, and installation of a tourism development project which is not paid by the vendor, supplier, deliveryman, contractor, or otherwise provided;

(d) All costs of architectural and engineering services, including but not limited to estimates, plans and specifications, preliminary investigations, and supervision of construction and installation, as well as for the performance of all the duties required by or consequent to the acquisition, construction, equipping, and installation of a tourism development project;

(e) All costs required to be paid under the terms of any contract for the acquisition, construction, equipping, and installation of a tourism development project;

(f) All costs required for the installation of utilities, including but not limited to water, sewer, sewer treatment, gas, electricity and communications, and including off-site construction of the facilities paid for by the approved company; and

(g) All other costs comparable with those described in this subsection, excluding costs subject to refund under KRS 154.20-202, 154.20-204, 154.20-206, 154.20-208, and 154.20-210 or Subchapter 31 of KRS Chapter 154;

(9) "Enhanced incentive county" has the same meaning as in KRS 154.32-010;

(10) "Entertainment destination center project" means a facility that meets the requirements of KRS 148.853(2)(b);

(11) "Final approval" means the action taken by the authority authorizing the eligible company to receive incentives under KRS 139.536 and 148.851 to 148.860;

(12) "Full-service lodging facility" means a facility that provides overnight sleeping accommodations, including private bathrooms and all of the following:

(a) On-site dining facilities;

(b) Room service;

(c) Catering: and

(d) Meeting space;

(13) "Incentives" means the Kentucky sales tax refund as prescribed in KRS 139.536;

(14) "Kentucky sales tax" means the sales tax imposed by KRS 139.200;

(15) "Lodging facility project" means a full-service lodging facility that:

(a) ***1.*** Is located on recreational property owned or leased by the Commonwealth or the federal government;

2.~~[(b)]~~ Involves the restoration or rehabilitation of a structure that:

a.~~[1.]~~ Is listed individually on the National Register of Historic Places; or

b.~~[2.]~~ Is located in the National Register Historic District; and

is certified by the Kentucky Heritage Council as contributing to the historic significance of the district, and the rehabilitation or restoration of the structure has been approved in advance by the Kentucky Heritage Council;

3.~~[(c)]~~ Is an integral part of a major convention or sports facility;

4.~~[(d)]~~ Is located:

a.~~[1.]~~ Within a fifty (50) mile radius of a property listed on the National Register of Historic Places with a current function of recreation and culture; and

b.~~[2.]~~ In any of the one hundred (100) least-populated counties in the Commonwealth, in terms of population density, according to the most recent census;

5.~~[(e)]~~ Is located on property:

a.~~[1.]~~ Owned by the Commonwealth, or leased by the Commonwealth from the federal government;

b.~~[2.]~~ Acquired for use in the state park system pursuant to KRS 148.028; and

c.~~[3.]~~ Operated by the Kentucky Department of Parks pursuant to KRS 148.021 or the Kentucky Horse Park Commission pursuant to KRS 148.258 to 148.320;

6.~~[(f)]~~ Is located on property:

a.~~[1.]~~ Owned or leased by the federal government and under the control of the Department of the Interior; or

b.~~[2.]~~ Owned by the Commonwealth and in the custody of the State Fair Board as provided in KRS 247.140;

7.~~[(g)]~~ Is part of a tourism attraction project, entertainment destination center project, or theme restaurant destination attraction project and the full-service lodging facility represents less than fifty percent (50%) of the total eligible costs; or

8.~~[(h)]~~ Has not less than five hundred (500) guest rooms***; or***~~[.]~~

(b) 1. Is located:

a. In any of the one hundred (100) least-populated counties in the Commonwealth, in terms of population density, according to the most recent decennial census;

b. In a county, the boundaries of which:

i. Include, in part, the boundaries of a designated national forest; or

ii. Are adjacent to or include a portion of parallel reservoirs of water surrounding a national recreation area;

c. Within an enhanced incentive county and will create at least fifty (50) new full-time jobs within that county; and

d. Within one-half (1/2) mile of a state resort park;

2. Has a capital investment of at least one hundred million dollars ($100,000,000); and

3. Contains accommodations for:

a. Lodging, with a minimum of one hundred (100) guest rooms, cabins, or rental units;

b. Relaxation, including a spa;

c. More than one (1) on-site dining facility; and

d. More than one (1) meeting or event space;

(16) "Net positive fiscal impact" means the amount by which increased state tax revenues will exceed the incentives given;

(17) "Preliminary approval" means the action taken by the authority conditionally approving an eligible company for the incentives under KRS 139.536 and 148.851 to 148.860;

(18) "Recreational facility" means a structure or outdoor area that:

(a) Provides visitors recreational opportunities, including but not limited to amusement parks, boating, hiking, horseback riding, hunting, fishing, camping, wildlife viewing, live theater, rock climbing, and all-terrain vehicle trails; and

(b) Serves as a likely destination where individuals who are not residents of the Commonwealth would remain overnight in commercial lodging at or near the recreational facility;

(19) "Theme restaurant destination attraction project" means a restaurant facility that meets the requirements for incentives under KRS 148.853(2)(c);

(20) (a) "Tourism attraction project" means:

1. A cultural or historical site;

2. A recreational facility;

3. An entertainment facility;

4. An area of natural phenomenon or scenic beauty; or

5. A Kentucky crafts and products center;

(b) "Tourism attraction project" does not include facilities that are primarily devoted to the retail sale of goods, other than a Kentucky crafts and products center, or a tourism attraction where the sale of goods is a secondary and subordinate component of the attraction; and

(21) "Tourism development project" means:

(a) A tourism attraction project;

(b) A theme restaurant destination attraction project;

(c) An entertainment destination center project; or

(d) A lodging facility project.

➔Section 12. KRS 148.853 is amended to read as follows:

(1) The General Assembly finds and declares that:

(a) The general welfare and material well-being of the citizens of the Commonwealth depend in large measure upon the development of tourism in the Commonwealth;

(b) It is in the best interest of the Commonwealth to provide incentives for the creation of new tourism attractions and the expansion of existing tourism attractions within the Commonwealth in order to advance the public purposes of relieving unemployment by preserving and creating jobs that would not exist if not for the incentives offered by the authority to approved companies, and by preserving and creating sources of tax revenues for the support of public services provided by the Commonwealth;

(c) The authorities granted by KRS 148.851 to 148.860 are proper governmental and public purposes for which public moneys may be expended; and

(d) That the creation or expansion of tourism development projects is of paramount importance mandating that the provisions of KRS 139.536 and KRS 148.851 to 148.860 be liberally construed and applied in order to advance public purposes.

(2) To qualify for incentives provided in KRS 139.536 and 148.851 to 148.860, the following requirements shall be met:

(a) For a tourism attraction project:

1. The total eligible costs shall exceed one million dollars ($1,000,000), except for a tourism attraction project located in a county designated as an enhanced incentive county at the time the

eligible company becomes an approved company as provided in KRS 148.857(6), the total eligible costs shall exceed five hundred thousand dollars ($500,000);

2. In any year, including the first year of operation, the tourism attraction project shall be open to the public at least one hundred (100) days; and

3. In any year following the third year of operation, the tourism attraction project shall attract at least twenty-five percent (25%) of its visitors from among persons who are not residents of the Commonwealth;

(b) For an entertainment destination center project:

1. The total eligible costs shall exceed five million dollars ($5,000,000);

2. The facility shall contain a minimum of two hundred thousand (200,000) square feet of building space adjacent or complementary to an existing tourism attraction project or a major convention facility;

3. The incentives shall be dedicated to a public infrastructure purpose that shall relate to the entertainment destination center project;

4. In any year, including the first year of operation, the entertainment destination center project shall:

a. Be open to the public at least one hundred (100) days per year;

b. Maintain at least one (1) major theme restaurant and at least three (3) additional entertainment venues, including but not limited to live entertainment, multiplex theaters, large-format theater, motion simulators, family entertainment centers, concert halls, virtual reality or other interactive games, museums, exhibitions, or other cultural and leisure-time activities; and

c. Maintain a minimum occupancy of sixty percent (60%) of the total gross area available for lease with entertainment and food and drink options not including the retail sale of tangible personal property; and

5. In any year following the third year of operation, the entertainment destination center project shall attract at least twenty-five percent (25%) of its visitors from among persons who are not residents of the Commonwealth;

(c) For a theme restaurant destination attraction project:

1. The total eligible costs shall exceed five million dollars ($5,000,000);

2. In any year, including the first year of operation, the attraction shall:

a. Be open to the public at least three hundred (300) days per year and for at least eight (8) hours per day; and

b. Generate no more than fifty percent (50%) of its revenue through the sale of alcoholic beverages;

3. In any year following the third year of operation, the theme restaurant destination attraction project shall attract a minimum of fifty percent (50%) of its visitors from among persons who are not residents of the Commonwealth; and

4. The theme restaurant destination attraction project shall:

a. At the time of final approval, offer a unique dining experience that is not available in the Commonwealth within a one hundred (100) mile radius of the attraction;

b. In any year, including the first year of operation, maintain seating capacity of four hundred fifty (450) guests and offer live music or live musical and theatrical entertainment during the peak business hours that the facility is in operation and open to the public; or

c. Within three (3) years of the completion date, the attraction shall obtain a top two (2) tier rating by a nationally accredited service and shall maintain a top two (2) tier rating through the term of the agreement;

(d) For a lodging facility project ***defined in subsection (15)(a) of Section 11 of this Act***:

1. a. The eligible costs shall exceed five million dollars ($5,000,000) unless the provisions of subdivision b. of this subparagraph apply.

   b. i. If the lodging facility is an integral part of a major convention or sports facility, the eligible costs shall exceed six million dollars ($6,000,000); and

      ii. If the lodging facility includes five hundred (500) or more guest rooms, the eligible costs shall exceed ten million dollars ($10,000,000); and

2. In any year, including the first year of operation, the lodging facility shall:

   a. Be open to the public at least one hundred (100) days; and

   b. Attract at least twenty-five percent (25%) of its visitors from among persons who are not residents of the Commonwealth;

(e) ***For a lodging facility project defined in subsection (15)(b) of Section 11 of this Act:***

1. The eligible costs shall exceed one hundred million dollars ($100,000,000); and

2. The lodging facility shall:

a. Be open to the public at least one hundred (100) days each year, including the first year of operation; and

b. In any year following the third year of operation, attract a minimum of twenty-five percent (25%) of its overnight visitors from among persons who are not residents of the Commonwealth.

(f) Any tourism development project shall not be eligible for incentives if it includes material determined to be lewd, offensive, or deemed to have a negative impact on the tourism industry in the Commonwealth; and

(g)~~[(f)]~~ An expansion of any tourism development project shall in all cases be treated as a new stand-alone project.

(3) ***(a)*** The incentives offered ***to an approved company*** under the Kentucky Tourism Development Act ***may include***~~[shall be as follows:~~

~~(a) An approved company may be granted]~~ a sales tax incentive based on the Kentucky sales tax imposed on sales generated by or arising at the tourism development project~~.[; and]~~

(b) 1. For a tourism development project other than a lodging facility project described in ***subparagraph 4. or 5. of this paragraph***~~[KRS 148.851(14)(e) or (f), or a tourism attraction project described in subparagraph 2. of this paragraph]~~:

   a. A sales tax incentive shall be allowed to an approved company over a period of ten (10) years, except as provided in subparagraphs ***7.***~~[5.]~~ and ***8.***~~[6.]~~ of this paragraph; and

   b. The sales tax incentive shall not exceed the lesser of the total amount of the sales tax liability of the approved company and its lessees or a percentage of the approved costs as specified by the agreement, not to exceed twenty-five percent (25%);

2. For ***projects approved according to the application period established under KRS 148.8531,*** a tourism attraction project located in an enhanced incentive county at the time the eligible company becomes an approved company as provided in KRS 148.857(6):

   a. A sales tax incentive shall be allowed to the approved company over a period of ten (10) years; and

   b. The sales tax incentive shall not exceed the lesser of the total amount of the sales tax liability of the approved company and its lessees or a percentage of the approved costs as specified by the agreement, not to exceed thirty percent (30%);

3. ***For applications considered after the effective date of this Act, including projects related to property to which the title passed from a seller to a buyer on or after March 1, 2025, a tourism attraction project located in an enhanced incentive county with a population equal to or less***

than twenty thousand (20,000) based on the most recent decennial census at the time the eligible company becomes an approved company as provided in KRS 148.857(6):

a. A sales tax incentive shall be allowed to the approved company over a period of twenty (20) years; and

b. The sales tax incentive shall not exceed the lesser of the total amount of the sales tax liability of the approved company and its lessees or a percentage of the approved costs as specified by the agreement, not to exceed fifty percent (50%);

4. For a lodging facility project described in ***subsection (15)(a)5. or 6. of Section 11 of this Act*** ~~[KRS 148.851(14)(e) or (f)]~~:

a. A sales tax incentive shall be allowed to the approved company over a period of twenty (20) years; and

b. The sales tax incentive shall not exceed the lesser of total amount of the sales tax liability of the approved company and its lessees or a percentage of the approved costs as specified by the agreement, not to exceed fifty percent (50%);

5. For a lodging facility project described in subsection (15)(b) of Section 11 of this Act, a sales tax incentive that shall:

a. Be allowed to the approved company over a period of twenty (20) years; and

b. Not exceed the lesser of the total amount of sales tax liability of the approved company and its lessees or a percentage of the approved costs as specified by the agreement, not to exceed fifty percent (50%);

6. ~~[4.]~~ Any unused incentives from a previous year may be carried forward to any succeeding year during the term of the agreement until the entire specified percentage of the approved costs has been received through sales tax incentives;

7. ~~[5.]~~ If the approved company is an entertainment destination center that has dedicated at least thirty million dollars ($30,000,000) of the incentives provided under the agreement to a public infrastructure purpose, the agreement may be amended to extend the term of the agreement up to two (2) additional years if the approved company agrees to:

a. Reinvest in the original entertainment destination project one hundred percent (100%) of any incentives received during the extension that were outstanding at the end of the original term of the agreement; and

b. Report to the authority at the end of each fiscal year the amount of incentives received during the extension and how the incentives were reinvested in the original entertainment destination project; and

8. ~~[6.]~~ The term of a tourism development agreement entered into with a tourism attraction project that was in effect on January 1, 2020, shall be extended for one (1) year if the tourism attraction project:

a. Has historically been open to the public on a seasonal basis consisting of less than six (6) months;

b. Has previously met the requirement of being open to the public at least one hundred (100) days during the entire term of the tourism development agreement as required under subsection (2)(a)2. of this section;

c. Failed to be open to the public at least one hundred (100) days during the calendar year 2020 solely as a result of complying with one (1) or more executive orders issued by the Governor under the authority of KRS 39A.090 that prevented the tourism attraction project from being open to the public for at least one hundred (100) days during its normal operating season; and

d. Applied for a sales tax incentive related to the calendar year 2020 operating season and was denied the sales tax incentive solely on the basis that the tourism attraction project was not open to the public for at least one hundred (100) days in calendar year 2020.

➔Section 13. KRS 148.855 is amended to read as follows:

(1) The cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A to establish standards for the making of applications for incentives and the recommendation of eligible companies and their tourism development projects to the authority.

(2) The cabinet shall consult with the authority when establishing standards to ensure that standards established pursuant to subsection (1) of this section and KRS 148.857(1) do not conflict.

(3) (a) The application for incentives shall be filed with the cabinet and shall include:

1. The name of the applicant;

2. Marketing plans for the tourism development project that target individuals who are not residents of the Commonwealth;

3. A description and location of the tourism development project;

4. Capital and other anticipated expenditures for the tourism development project that indicate that the total cost of the project shall exceed the minimum required costs as provided in KRS 148.853, and the anticipated sources of funding therefor;

5. The anticipated employment and wages to be paid at the tourism development project;

6. Business plans which indicate the average number of days in a year in which the tourism development project will be in operation and open to the public;

7. The anticipated revenues and expenses generated by the tourism development project;

8. If the tourism development project is an entertainment destination center project, the application shall include the public infrastructure purpose; and

9. Any other information as required by the cabinet.

(b) Based upon a review of these materials, if the cabinet determines that the eligible company and the proposed tourism development project appears to meet the requirements established by KRS 148.853, and that the proposed tourism development project may reasonably satisfy the criteria for final approval in subsection (4) of this section, the secretary of the cabinet may submit a written request to the authority for a preliminary approval of the eligible company and the tourism development project.

(4) The authority may review the request submitted by the secretary, including all relevant materials, and may, based upon that review, grant preliminary approval to an eligible company. Upon a preliminary approval by the authority, the cabinet shall engage the services of a competent consulting firm to analyze the data made available by the eligible company and to collect and analyze additional information necessary to determine that, in the independent judgment of the consultant, the proposed tourism development project:

(a) Will attract, in all years following the third year of operation, at least twenty-five percent (25%) of its visitors from among persons who are not residents of the Commonwealth, except for a theme restaurant destination attraction project, which shall attract, in all years following the third year of operation, a minimum of fifty percent (50%) of its visitors from among persons who are not residents of the Commonwealth;

(b) Will have costs in excess of the minimum amount required by KRS 148.853;

(c) 1. Will have a net positive fiscal impact on the Commonwealth considering, among other factors, the extent to which the proposed tourism development project will compete directly with existing tourism attractions or previously approved tourism development projects in the Commonwealth and the amount by which increased tax revenues from the tourism development project will exceed the incentives given to the approved company at the maximum level of recovery of approved costs as provided in KRS 148.853; or

2. If the independent consultant determines that the proposed tourism development project cannot produce a net positive fiscal impact to the Commonwealth at the maximum level of recovery of approved costs as provided in KRS 148.853, the independent consultant shall determine the level of recovery, if any, at which the proposed tourism development project can meet those standards;

(d) Will produce sufficient revenues and public demand to be operating and open to the public for a minimum of one hundred (100) days per year, except for a theme restaurant destination attraction, which shall be operating and open to the public for a minimum of three hundred (300) days per year;

(e) Will not adversely affect existing employment in the Commonwealth;~~[and]~~

(f) Meets all other requirements of KRS 148.851 and 148.853***; and***

(g) For a lodging facility project defined in subsection (15)(b) of Section 11 of this Act:

1. Will have an occupancy study conducted by an independent consultant to determine the percentage of rooms occupied by other lodging facilities:

a. With comparable accommodations as described in subsection (15)(b)3. of Section 11 of this Act; and

b. Within a fifty (50) mile radius of the proposed lodging facility project;

for the most recent calendar year for data collected; and

2. Will have a net positive impact statement that will exclude from consideration any impact related to state-funded infrastructure that was approved prior to the application of the eligible company.

(5) The independent consultant, in determining the amount of net positive fiscal impact to the Commonwealth for a new proposed tourism development project that is an expansion of an existing tourism development project shall not consider positive fiscal impacts from the following sources:

(a) Increased operations at the previously approved tourism development project that is being expanded by the proposed tourism development project;

(b) Increased operations at any other tourism development project approved for incentives provided under KRS 148.853; or

(c) Increased operations at any project approved for tax increment financing that includes state revenues approved pursuant to Subchapter 30 of KRS Chapter 154.

(6) (a) The independent consultant shall consult with the authority, the Office of the State Budget Director and the Finance and Administration Cabinet in the development of a report on the proposed tourism development project.

(b) The Office of the State Budget Director and the Finance and Administration Cabinet shall agree as to the methodology to be used and assumptions to be made by the independent consultant in preparing its report.

(c) On the basis of the independent consultant's report and prior to any final approval of a project by the authority, the Office of the State Budget Director and the Finance and Administration Cabinet shall certify to the authority whether there is a projected net positive fiscal impact to the Commonwealth and the expected amount of incremental state revenues from the tourism development project. A final approval shall not be granted if it is determined that there is no projected net positive fiscal impact to the Commonwealth.

(7) The eligible company shall pay for the cost of the consultant's report and shall cooperate with the consultant and provide all of the data that the consultant deems necessary to make its determination under subsection (4) of this section.

(8) In lieu of the independent consultant analysis required in subsection (4) of this section, if the eligible company is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and the estimated approved costs are less than ten million dollars ($10,000,000), the cabinet shall have the option of performing an interagency review to analyze the data made available by the eligible company and to collect and analyze additional information necessary to determine that the proposed tourism development project meets the requirements set forth in subsection (4)(a) of this section. The cabinet shall comply with the same consulting and reporting requirements as an independent consultant.

(9) After a review of relevant materials, the consultant's report, and completion of other inquiries, the secretary shall, by written notification to the authority, provide a recommendation to the authority regarding final approval of the tourism development project.

➔Section 14. KRS 148.859 is amended to read as follows:

(1) The authority, upon adoption of its final approval, may enter into a tourism development agreement with any approved company. The terms of the agreement shall be negotiated between the authority and the approved company and shall include but not be limited to:

(a) The amount of approved costs;

(b) That any increase in approved costs incurred by the approved company and agreed to by the authority shall apply retroactively for purposes of calculating the carry forward for unused incentives;

(c) A date certain by which the approved company shall have completed the tourism development project;

(d) That the authority may grant an extension or change, which in no event shall exceed three (3) years from the date of final approval, to the completion date as specified in the agreement of an approved company;

(e) That within three (3) months of the completion date, the approved company shall document the actual cost of the tourism development project through a certification of the costs to be provided by an independent certified public accountant acceptable to the authority;

(f) The term of the tourism development agreement and the maximum amount of recovery;

(g) That within forty-five (45) days after the end of each fiscal year of the approved company, during the term of the agreement, the approved company shall supply the authority with reports and certifications as the authority may request demonstrating to the satisfaction of the authority that the approved company is in compliance with the provisions of KRS 139.536 and KRS 148.851 to 148.860;

(h) That the approved company shall notify the authority if any change in ownership of the tourism attraction is contemplated. The authority shall reserve the option to renegotiate the terms of the agreement or, if the change in ownership is detrimental to the Commonwealth, the authority may terminate the agreement;

(i) That the approved company shall not receive a sales tax incentive as prescribed by KRS 139.536 with respect to any fiscal year if the requirements of KRS 148.853(2) have not been met;

(j) That the authority may grant an extension of up to three (3) years to the completion date in addition to the extension provided for in paragraph (d) of this subsection, to an approved company that has completed at least fifty percent (50%) of an entertainment destination center project;

(k) That in no event shall the completion date be more than six (6) years from the date of final approval; and

(l) That the extension provided for in paragraph (j) of this subsection shall be subject to the following conditions:

1. The approved company shall have spent or have contractually obligated to spend an amount equal to or greater than the amount of approved costs set forth in the initial agreement;

2. The term of the agreement shall not be extended, except as provided in KRS 148.853(3)(b)***7. and 8.***~~[4.]~~; and

3. The scope of the entertainment destination center project, as set forth in the initial agreement, shall not be altered to include new or additional entertainment and leisure options.

(2) The agreement, including the incentives provided under KRS 148.853, shall not be transferable or assignable by the approved company without the written consent of the authority and a passage of a resolution approving the proposed assignee of the incentives as an approved company.

➔Section 15. KRS 154.30-050 is amended to read as follows:

(1) The Signature Project Program is hereby established. The purpose of this program is to encourage private investment in the development of major projects that will have a significant impact on the Commonwealth of Kentucky and are judged to be of such a magnitude that the effect upon the location of ***the***~~[such]~~ project warrants extraordinary public support.

(2) ***(a)*** There shall be two (2) separate initiatives under this program. The first initiative, the criteria and details of which are set forth in ***subsection (3)(a) of this section***~~[paragraph (a) of this subsection]~~, shall apply to***;***

1. Qualifying projects that are not the subject of a contract under KRS 65.495 in effect on or before the March 23, 2007, but that have a project grant agreement executed pursuant to KRS 154.30-070 prior to January 1, 2008***; or***

2. Revised projects if the original project was not the subject of a contract under KRS 65.495 on or before March 23, 2007, and had a project grant agreement executed pursuant to KRS 154.30-070 prior to January 1, 2008, but the agreement was withdrawn voluntarily before the project was completed.

(b) The second initiative, the criteria and details of which are set forth in ***subsection (3)(b) of this section***~~[paragraph (b) of this subsection]~~, shall apply to projects that meet the specified requirements on or after January 1, 2008.

(3) (a) ~~[For projects that are not the subject of a contract under KRS 65.495 in effect on or before March 23, 2007, but that have a project grant agreement executed pursuant to the provisions of KRS 154.30-070 prior to January 1, 2008:]~~

1. The criteria for qualification shall be as follows:

   a. The project shall represent new economic activity in the Commonwealth; and

   b. The project shall result in a minimum capital investment of two hundred million dollars ($200,000,000).

2. The following provisions shall apply to projects that meet the criteria established in subparagraph 1. of this paragraph:

   a. KRS 65.7051 shall not apply to the establishment of a development area;

   b. The city or county in which the project is located shall adopt an ordinance establishing the development area. The ordinance shall be adopted in accordance with KRS 65.7053(1)(a), (b), (c), (d), (e), (h), (i), (j), (k), (l), and (m);

   c. KRS 65.7049, 65.7053(2) and (3), 65.7057, 65.7059, 65.7061, 65.7063, 65.7065, and 65.7067, relating to local development areas, shall apply;

   d. An application for state participation shall have been submitted as provided in KRS 154.30-030. The application shall include the information required by KRS 154.30-030(2)(a) 1.a. and b.;

   e. The report provided for in KRS 154.30-030(2)(a) 3.b. shall not be required, and the certification required by KRS 154.30-030(6)(b) shall not be required;

   f. A project grant agreement shall be executed in accordance with KRS 154.30-070; and

   g. KRS 154.30-080 and 154.30-090 shall apply.

3. Projects that meet the criteria established in subparagraph 1. of this paragraph shall be eligible for the following:

   a. Up to one hundred percent (100%) of approved public infrastructure costs, excluding any sales and use tax paid, may be recovered;

   b. Up to one hundred percent (100%) of the financing costs associated with approved public infrastructure costs may be recovered;

   c. In a county containing a city of the first class, the local participation agreement may provide for the release of up to eighty percent (80%) of the increment from the tax levied under KRS 91A.390 derived by the governing body within the project development area. The amount released shall not exceed a base amount of four hundred thousand dollars ($400,000) in the first year of the local participation agreement, which base amount shall be increased in each subsequent year of the grant agreement by four percent (4%); and

   d. Up to one hundred percent (100%) of approved signature project costs, excluding any sales and use taxes paid, subject to the following:

      i. The authority shall review proposed ~~[ ]~~expenditures for ~~[ ]~~inclusion in the tax incentive ~~[ ]~~agreement. The authority may approve the type ~~[ ]~~of expenditures it determines are ~~[ ]~~necessary for completion of the private

development; and

ii. Approved signature project costs shall be detailed in the tax incentive agreement.

(b) Beginning January 1, 2008:

1. A project shall meet all of the following criteria to be considered for state participation under this program:

a. The project shall represent new economic activity in the Commonwealth;

b. The project shall result in a minimum capital investment of two hundred million dollars ($200,000,000);

c. The project shall result in a net positive economic impact to the Commonwealth, taking into consideration any substantial adverse impact on existing Commonwealth businesses. The net positive impact shall be certified to the commission as required by KRS 154.30-030(6)(b); and

d. Not more than twenty percent (20%) of the capital investment or twenty percent (20%) of the finished square footage shall be devoted to the support or development of assets that will be utilized for the retail sale of tangible personal property.

2. Projects that meet the criteria established by subparagraph 1. of this paragraph shall comply with all relevant provisions of this subchapter.

3. Projects that meet the criteria established by subparagraphs 1. and 2. of this paragraph shall be eligible to recover:

a. Up to one hundred percent (100%) of approved public infrastructure costs, excluding any sales and use taxes paid;

b. Up to one hundred percent (100%) of the financing costs associated with approved public infrastructure costs; and

c. Up to one hundred percent (100%) of approved signature project costs, excluding sales and use taxes paid subject to the following:

i. The authority shall review proposed expenditures for inclusion in the tax incentive agreement. The authority may approve the type of expenditures it determines are necessary for completion of the private development; and

ii. Approved signature project costs shall be detailed in the tax incentive agreement.

(4) ~~[(3)]~~ The authority shall review the application, the certification required by KRS 154.30-030, if applicable, and supporting information as provided in KRS 154.30-030.

(5) ~~[(4)]~~ The authority shall specifically identify the state taxes from which incremental revenues will be pledged. The authority may pledge up to eighty percent (80%) of the incremental revenues from the identified state tax revenues from the footprint, provided that the maximum amount of incremental revenues that may be pledged for a project during the term of the tax incentive agreement from all approved state taxes shall not exceed one hundred percent (100%) of approved public infrastructure costs, approved signature project costs, and financing costs.

(6) ~~[(5)]~~ As part of the approval process, the authority shall determine the following:

(a) The footprint of the project;

(b) The maximum amount of approved public infrastructure costs, approved signature project costs, and financing costs;

(c) That the local revenues pledged to support the public infrastructure of the project, and local revenues pledged to support the overall project are of a sufficient amount to warrant participation of the Commonwealth in the project;

(d) The termination date of the tax incentive agreement, not to exceed thirty (30) years from the activation date;

(e) Any adjustments to be made to old revenues, in determining incremental revenues during each year of the term of the project grant agreement; and

(f) Any approved signature project costs;

(7) ~~[(6)]~~ For the purpose of making the determination required by KRS 139.515(2), the authority shall review the projected expenditures for tangible personal property used in the construction of a signature project, as defined in KRS 139.515(1), and shall establish an approximate percentage of the total anticipated expenditures that are not included in the tax incentive agreement as approved public infrastructure costs or approved signature project costs. This percentage shall be communicated by the authority to the Department of Revenue, which shall use the information in administering the sales tax refund permitted by KRS 139.515.

(8) ~~[(7)]~~ If state income taxes or local occupational license taxes are included for a project that includes office space, the authority shall consider the impact of pledging theses taxes on the ability to utilize other economic development projects at a later date.

(9) ~~[(8)]~~ The pledge of state incremental tax revenues of the Commonwealth by the authority shall be implemented through the execution of a tax incentive agreement between the Commonwealth and the agency, city, or county in accordance with KRS 154.30-070.

(10) ~~[(9)]~~ Notwithstanding the minimum capital investment of two hundred million dollars ($200,000,000) required by subsection ***(3)*** ~~[(2)]~~(b)1.b. of this section, the authority may, upon application of an agency that:

(a) Was approved to proceed with a project after January 1, 2008, but before January 1, 2013, that, at the time of approval pledged to make the two hundred million dollars ($200,000,000) investment requirement; and

(b) Had a consultant report prepared pursuant to KRS 154.30-030(6);

approve a reduction in the required minimum capital investment to an amount not less than one hundred fifty million dollars ($150,000,000), subject to a corresponding adjustment of the maximum incremental revenue available for recovery as appropriate, based upon the recommendation of the consultant who prepared the report pursuant to KRS 154.30-030(6).

(11) Notwithstanding any statute to the contrary, if a project had a project grant agreement executed pursuant to KRS 154.30-070 prior to January 1, 2008, but the agreement was withdrawn voluntarily before the project was completed, the project may be revised and resubmitted under subsection (3)(a) of this section.

➔Section 16. KRS 91A.390 is amended to read as follows:

(1) (a) The commission shall annually submit to the local governing body or bodies which established it a request for funds for the operation of the commission.

(b) The local governing body or bodies shall include the commission in the annual budget and shall provide funds for the operation of the commission by imposing a transient room tax on the rent for every occupancy of a suite, room, rooms, cabins, lodgings, campsites, or other accommodations charged by any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or any other place in which accommodations are regularly furnished to transients for consideration or by any person that facilitates the rental of the accommodations by brokering, coordinating, or in any other way arranging for the rental of the accommodations as follows:

1. For a local governing body or bodies, other than an urban-county government, the tax rate shall not exceed three percent (3%); and

2. For an urban-county government, the tax rate shall not exceed four percent (4%).

(c) In addition to the three percent (3%) levy authorized by paragraph (b)1. of this subsection, the local governing body other than an urban-county government may impose a special transient room tax not to exceed one percent (1%) for the purposes of:

1. Meeting the operating expenses of a convention center; and

2. In the case of a consolidated local government, financing the renovation or expansion of a convention center that is government-owned and located in the central business district of the consolidated local government, except that if a consolidated local government imposes the special transient room tax authorized under this paragraph on or after August 1, 2014, revenue derived from the levy shall not be used to meet the operating expenses of a convention center

until any debt issued for financing the renovation or expansion of a government-owned convention center located in the central business district of the consolidated local government is retired.

(d) Transient room taxes shall not apply to rooms, lodgings, campsites, or accommodations supplied for a continuous period of thirty (30) days or more to a person.

(e) The local governing body or bodies that have established a commission by joint or separate action shall enact an ordinance for the enforcement of the tax measure enacted pursuant to this section and the collection of the proceeds of this tax measure on a monthly basis.

(2) All moneys collected pursuant to this section and KRS 91A.400 shall be maintained in an account separate and unique from all other funds and revenues collected, and shall be considered tax revenue for the purposes of KRS 68.100 and KRS 92.330.

(3) A portion of the money collected from the imposition of this tax, as determined by the tax levying body, upon the advice and consent of the tourist and convention commission, may be used to finance the cost of acquisition, construction, operation, and maintenance of facilities useful in the attraction and promotion of tourist and convention business, including projects described in KRS 154.30-050***(3)*** ~~[(2)]~~(a). The balance of the money collected from the imposition of this tax shall be used for the purposes set forth in KRS 91A.350. Proceeds of the tax shall not be used as a subsidy in any form to any hotel, motel, inn, motor court, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or any other person furnishing accommodations, or restaurant, except as provided in KRS 154.30-050***(3)*** ~~[(2)]~~(a)3.c. Money not expended by the commission during any fiscal year shall be used to make up a part of the commission's budget for its next fiscal year.

(4) A county with a city of the first class may impose an additional tax, not to exceed one and one-half percent (1.5%) of the rent. This additional tax, if approved by the local governing body, shall be collected and administered in the same manner as the tax authorized by subsection (1)(b) of this section and shall be used for the purpose of funding additional promotion of tourist and convention business.

(5) An urban-county government may impose an additional tax, not to exceed one percent (1%) of the rents included in this subsection. This additional tax shall be collected and administered in the same manner as the tax authorized by subsection (1)(b) of this section with the exception that this additional tax shall be used for the purpose of funding the purchase of development rights program provided for under KRS 67A.845.

(6) Local governing bodies which have formed multicounty tourist and convention commissions as provided by KRS 91A.350(3) may impose an additional tax, not to exceed one percent (1%) of the rents. This additional tax, if approved by each governing body, shall be collected and administered in the same manner as the tax authorized by subsection (1)(b) of this section, with the exception that this additional tax shall be used for the purpose of funding regional efforts relating to the promotion of tourist and convention business and convention centers. In no event shall any revenues collected as provided for under KRS 91A.350(3) be utilized for the construction, renovation, maintenance, or additions to any convention center that is located outside the boundaries of the Commonwealth of Kentucky.

(7) The commission, with the approval of the tax levying body, may borrow money to pay its obligations that cannot be paid at maturity out of current revenue from the transient room tax, but shall not borrow a sum greater than can be repaid out of the revenue anticipated from the transient room tax during the year the money is borrowed. The commission may pledge its securities for the repayment of any sum borrowed.

(8) The fiscal court or legislative body of a consolidated local government or city establishing a commission pursuant to KRS 91A.350(1) or (2) and, in its own name, a commission established pursuant to of KRS 91A.350(1) is authorized and empowered to issue revenue bonds pursuant to KRS Chapter 58 for public projects. Bonds issued for the purposes of KRS 91A.345 to 91A.394, may be used to pay any cost for the acquisition of real estate, the construction of buildings and appurtenances, the preparation of plans and specifications, and legal and other services incidental to the project or to the issuance of the bonds. The payment of the bonds, with interest, may be secured by a pledge of and a first lien on all of the receipts and revenue derived, or to be derived, from the rental or operation of the property involved. Bond and interest obligations issued pursuant to this section shall not constitute an indebtedness of the county, consolidated local government, or city. All bonds sold under the authority of this section shall be subject to competitive bidding as provided by law, and shall bear interest at a rate not to exceed that established for bonds issued for public projects under KRS Chapter 58.

(9) A commission established pursuant to KRS 91A.350(3) is authorized and empowered to issue revenue bonds in its own name, payable solely from its income and revenue, pursuant to KRS Chapter 58 for revenue bonds

for public projects. Bonds issued for the purposes of KRS 91A.345 to 91A.394, may be used to pay any cost for the acquisition of real estate, the construction of buildings and appurtenances, the preparation of plans and specifications, and legal and other services incidental to the project or to the issuance of the bonds. The payment of the bonds, with interest, may be secured by a pledge of and a first lien on all of the receipts and revenue derived, or to be derived, from the rental or operation of the property involved. Bond and interest obligations issued pursuant to this section shall not constitute an indebtedness of the county. All bonds sold pursuant to this section shall be subject to competitive bidding as provided by law, and shall not bear interest at rates exceeding those for bonds issued for public projects under KRS Chapter 58.

➔Section 17. KRS 154.30-010 is amended to read as follows:

As used in this subchapter:

(1) "Activation date" means:

(a) For all projects except those described in paragraph (b) of this subsection, the date established any time within a two (2) year period after the commencement date. The Commonwealth may extend the two (2) year period to no more than four (4) years upon written application by the agency requesting the extension; and

(b) For signature projects approved under KRS 154.30-050***(3)*** ~~[(2)]~~(a), the date established any time within a ten (10) year period after the commencement date.

For all projects established after July 14, 2018, the activation date is the date on which the time period for the pledge of incremental revenues shall commence. To implement the activation date, the minimum capital investment must be met and the agency that is a party to the tax incentive agreement shall notify the office;

(2) "Agency" means:

(a) An urban renewal and community development agency established under KRS Chapter 99;

(b) A development authority established under KRS Chapter 99;

(c) A nonprofit corporation;

(d) A housing authority established under KRS Chapter 80;

(e) An air board established under KRS 183.132 to 183.160;

(f) A local industrial development authority established under KRS 154.50-301 to 154.50-346;

(g) A riverport authority established under KRS 65.510 to 65.650; or

(h) A designated department, division, or office of a city or county;

(3) ***(a)*** "Approved public infrastructure costs" means costs associated with the acquisition, installation, construction, or reconstruction of public works, public improvements, and public buildings, including planning and design costs associated with the development of ***the*** ~~[such]~~ public amenities.

(b) "Approved public infrastructure costs" includes but is not limited to costs incurred for the following:

1. ~~[(a)]~~ Land preparation, including demolition and clearance work;

2. ~~[(b)]~~ Buildings;

3. ~~[(c)]~~ Sewers and storm drainage;

4. ~~[(d)]~~ Curbs, sidewalks, promenades, and pedways;

5. ~~[(e)]~~ Roads;

6. ~~[(f)]~~ Street lighting;

7. ~~[(g)]~~ The provision of utilities;

8. ~~[(h)]~~ Environmental remediation;

9. ~~[(i)]~~ Floodwalls and floodgates;

10. ~~[(j)]~~ Public spaces or parks;

11. ~~[(k)]~~ Parking;

12.~~[(l)]~~ Easements and rights-of-way;

13.~~[(m)]~~ Transportation facilities;

14.~~[(n)]~~ Public landings;

15.~~[(o)]~~ Amenities, ***including***~~[such as]~~ fountains, benches, and sculptures; and

16.~~[(p)]~~ Riverbank modifications and improvements;

(4) "Approved signature project costs" means:

(a) The acquisition of land for portions of the project that are for infrastructure; and

(b) Costs associated with the acquisition, installation, development, construction, improvement, or reconstruction of infrastructure, including planning and design costs associated with the development of infrastructure, including but not limited to parking structures, including portions of parking structures that serve as platforms to support development above;

that have been determined by the commission to represent a unique challenge in the financing of a project such that the project could not be developed without incentives intended by this chapter to foster economic development;

(5) "Authority" means the Kentucky Economic Development Finance Authority established by KRS 154.20-010;

(6) "Capital investment" means:

(a) Obligations incurred for labor and to contractors, subcontractors, builders, and materialmen in connection with the acquisition, construction, installation, equipping, and rehabilitation of a project;

(b) The cost of acquiring land or rights in land within the development area on the footprint of the project, and any cost incident thereto, including recording fees;

(c) The cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of acquisition, construction, installation, equipping, and rehabilitation of a project which is not paid by the contractor or contractors or otherwise provided;

(d) All costs of architectural and engineering services, including test borings, surveys, estimates, plans, specifications, preliminary investigations, supervision of construction, and the performance of all the duties required by or consequent upon the acquisition, construction, installation, equipping, and rehabilitation of a project;

(e) All costs that are required to be paid under the terms of any contract for the acquisition, construction, installation, equipping, and rehabilitation of a project; and

(f) All other costs of a nature comparable to those described in this subsection that occur after preliminary approval;

(7) "City" means any city, consolidated local government, or urban-county government;

(8) "Commencement date" means the final approval date or the date on which a tax incentive agreement is executed;

(9) "Commonwealth" means the Commonwealth of Kentucky;

(10) "County" means any county, consolidated local government, charter county, unified local government, or urban-county government;

(11) "CPI" means the nonseasonally adjusted Consumer Price Index for all urban consumers, all items, base year computed for 1982 to 1984 equals one hundred (100), published by the United States Department of Labor, Bureau of Labor Statistics;

(12) "Department" means the Department of Revenue;

(13) "Development area" means an area established under KRS 65.7049, 65.7051, and 65.7053;

(14) "Economic development projects" means projects which are approved for tax credits under Subchapter 20, 22, 23, 24, 25, 26, 27, 28, 34, or 48 of KRS Chapter 154;

(15) "Financing costs" means principal, interest, costs of issuance, debt service reserve requirements, underwriting discount, costs of credit enhancement or liquidity instruments, and other costs directly related to the issuance

of bonds or debt for approved public infrastructure costs or approved signature project costs for projects approved pursuant to KRS 154.30-050;

(16) "Footprint" means the actual perimeter of a discrete, identified project within a development area. The footprint shall not include any portion of a development area outside the area for which actual capital investments are made and must be contiguous;

(17) "Governing body" means the body possessing legislative authority in a city or county;

(18) "Increment bonds" means bonds and notes issued for the purpose of paying the costs of one (1) or more projects;

(19) "Incremental revenues" means:

(a) The amount of revenues received by a taxing district, as determined by subtracting old revenues from new revenues in a calendar year with respect to a development area, or a project within a development area; or

(b) The amount of revenues received by the Commonwealth as determined by subtracting old revenues from new revenues in a calendar year with respect to the footprint;

(20) "Local participation agreement" means the agreement entered into under KRS 65.7063;

(21) "Local tax revenues" has the same meaning as in KRS 65.7045;

(22) "Modified new revenues for income tax" means the amount of individual income tax included in state tax revenues that is:

(a) The result of multiplying the portion of state tax revenues from individual income taxes by the modifier;

(b) Used for calculating state tax revenues in calendar years 2023 to 2026; and

(c) For projects approved prior to January 1, 2023;

(23) "Modifier" means the result of dividing the individual income tax rate of five percent (5%), in effect as of December 31, 2022, by the individual income tax rate under KRS 141.020 for the calendar year in which the new revenues for income tax are being computed;

(24) "New revenues" means:

(a) The amount of local tax revenues received by a taxing district with respect to a development area in any calendar year beginning with the year in which the activation date occurred; and

(b) The amount of state tax revenues received by the Commonwealth with respect to the footprint in any calendar year beginning with the year in which the activation date occurred.

For projects approved prior to January 1, 2023, any state tax revenues received by the Commonwealth from individual income tax shall be computed using modified new revenues for income tax;

(25) "Old revenues" means:

(a) The amount of local tax revenues received by a taxing district with respect to a development area as of December 31 of the year of preliminary approval; or

(b) 1. The amount of state tax revenues received by the Commonwealth within the footprint as of December 31 of the year of preliminary approval. If the authority determines that the amount of state tax revenues received as of December 31 of the last calendar year prior to the commencement of preliminary approval does not represent a true and accurate depiction of revenues, the authority may consider revenues for a period of no longer than three (3) calendar years prior to the year of preliminary approval, so as to determine a fair representation of state tax revenues. The amount determined by the authority shall be specified in the tax incentive agreement. If state tax revenues were derived from the footprint prior to the year of preliminary approval, old revenues shall increase each calendar year by:

a. The percentage increase, if any, of the CPI or a comparable index; or

b. An alternative percentage increase that is determined to be appropriate by the authority.

The method for increasing old revenues shall be set forth in the tax incentive agreement;

2. If state revenues were derived from the footprint prior to the year of preliminary approval, the calculation of incremental revenues shall be based on the value of old revenues as increased using the method prescribed in subparagraph 1. of this paragraph to reflect the same calendar year as is used in the determination of new revenues;

(26) "Outstanding" means increment bonds that have been issued, delivered, and paid for by the purchaser, except any of the following:

(a) Increment bonds canceled upon surrender, exchange, or transfer, or upon payment or redemption;

(b) Increment bonds in replacement of which or in exchange for which other increment bonds have been issued; or

(c) Increment bonds for the payment, redemption, or purchase for cancellation prior to maturity, of which sufficient moneys or investments, in accordance with the ordinance or other proceedings or any applicable law, by mandatory sinking fund redemption requirements, or otherwise, have been deposited, and credited in a sinking fund or with a trustee or paying or escrow agent, whether at or prior to their maturity or redemption, and, in the case of increment bonds to be redeemed prior to their stated maturity, notice of redemption has been given or satisfactory arrangements have been made for giving notice of that redemption, or waiver of that notice by or on behalf of the affected bond holders has been filed with the issuer or its agent;

(27) "Preliminary approval" means the action taken by the authority preliminarily approving an eligible project for incentives under this subchapter;

(28) "Project" means any property, asset, or improvement located in a development area and certified by the governing body as:

(a) Being for a public purpose; and

(b) Being for the development of facilities for residential, commercial, industrial, public, recreational, or other uses, or for open space, including the development, rehabilitation, renovation, installation, improvement, enlargement, or extension of real estate and buildings; and

(c) Contributing to economic development or tourism; and

(d) Meeting the additional requirements established by KRS 154.30-040, 154.30-050, or 154.30-060;

(29) "Signature project" means a project approved under KRS 154.30-050;

(30) "State real property ad valorem tax" means real property ad valorem taxes levied under KRS 132.020(1)(a);

(31) "State tax revenues" means revenues received by the Commonwealth from one (1) or more of the following sources:

(a) State real property ad valorem taxes;

(b) Individual income taxes levied under KRS 141.020, other than individual income taxes that have already been pledged to support an economic development project within the development area;

(c) Corporation income taxes levied under KRS 141.040, other than corporation income taxes that have already been pledged to support an economic development project within the development area;

(d) Limited liability entity taxes levied under KRS 141.0401, other than limited liability entity taxes that have already been pledged to support an economic development project within the development area; and

(e) Sales taxes levied under KRS 139.200, excluding sales taxes already pledged for:

1. Approved tourism attraction projects, as defined in KRS 148.851, within the development area; and

2. Projects which are approved for sales tax refunds under Subchapter 20 of KRS Chapter 154 within the development area;

(32) "Tax incentive agreement" means an agreement entered into in accordance with KRS 154.30-070; and

(33) "Termination date" means:

(a) For a tax incentive agreement satisfying the requirements of KRS 154.30-040 or 154.30-060, a date established by the tax incentive agreement that is no more than twenty (20) years from the activation date. However, the termination date for a tax incentive agreement shall in no event be more than forty (40) years from the establishment date of the development area to which the tax incentive agreement relates; and

(b) For a project grant agreement satisfying the requirements of KRS 154.30-050, a date established by the tax incentive agreement that is no more than thirty (30) years from the activation date. However, the termination date for a tax incentive agreement shall in no event be more than forty (40) years from the establishment date of the development area to which the tax incentive agreement relates.

➔Section 18. KRS 154.30-030 is amended to read as follows:

(1) The Commonwealth shall offer three (3) tax increment financing participation programs. The first program, the criteria and details of which are set forth in KRS 154.30-040, relates to a pledge of state real property ad valorem taxes only. The second program, the criteria and details of which are set forth in KRS 154.30-050, is the Signature Projects Program. The third program, the criteria and details of which are set forth in KRS 154.30-060, relates to the pledge of state tax revenues to support mixed-use development in blighted urban areas.

(2) (a) A city or county that has established a development area pursuant to KRS 65.7049, 65.7051, and 65.7053, or an agency designated as the entity managing a development area established pursuant to KRS 65.7049, 65.7051, and 65.7053, may submit an application to the authority requesting that the Commonwealth participate in a project.

1. The application shall identify the specific program under which state participation is being requested and shall include the following attachments, in addition to any requirements developed by the authority pursuant to paragraph (b) of this subsection:

a. A copy of the ordinance adopted by the city or county establishing the development area;

b. A copy of the local participation agreement; and

c. Data and information supporting the determinations and findings required by KRS 65.7049.

2. The staff of the authority shall review the application to determine if the applicant has met all of the statutory and regulatory requirements established by this subchapter and shall notify the applicant in writing of its determination. This review shall be preliminary in nature and shall not constitute approval of the request. All applications for participation by the Commonwealth shall be reviewed by the authority for approval.

3. a. Applications meeting all statutory and regulatory requirements requesting participation by the Commonwealth pursuant to KRS 154.30-040, along with any supporting materials, shall be referred by the staff of the authority to the authority for consideration.

b. i. Applicants meeting all statutory and regulatory requirements requesting participation by the Commonwealth pursuant to KRS 154.30-050***(3)***~~[(2)]~~(b) or 154.30-060 shall be required to submit a report prepared by an independent consultant or financial adviser as described in subsection (6) of this section for the application to be complete. The staff of the authority shall notify ***the*** ~~[such]~~ applicants of the report requirements and shall provide information regarding the contents and requirements for the report at the same time it notifies the applicant of the results of its preliminary review.

ii. Upon receipt and review of the report, the staff of the authority shall refer the application and supporting information to the authority for consideration.

(b) Additional standards and requirements for the application process shall be established by the authority through the promulgation of administrative regulations in accordance with KRS Chapter 13A.

(3) (a) The authority may request any materials and make any inquiries concerning an application that the authority deems necessary.

(b) The authority shall, through the promulgation of administrative regulations in accordance with KRS Chapter 13A, establish commercially reasonable limitations on the financing costs that may be recovered under the provisions of KRS 154.30-050.

(4) Upon review of an application and other information available, the authority may pledge all or a portion of the state real property ad valorem tax incremental revenue of the Commonwealth or state tax revenues attributable to the footprint of the project, as limited by KRS 154.30-040, 154.30-050, or 154.30-060, whichever is applicable.

(a) If incremental revenues are pledged from less than one hundred percent (100%) of the footprint of the project, a description of the included portion of the development area shall be provided.

(b) State tax revenues from the development area that have not been pledged to projects within the development area may be used to support other economic development projects or tourism projects approved under KRS 139.536 and 148.851 to 148.860, provided that state tax revenues shall not be pledged more than once during the existence of the development area. Thus, state tax revenues pledged to support increment bonds issued for the development area, or a project in the development area shall not be pledged to support any other development area, project, program, development, or undertaking during the life of the development area. If less than one hundred percent (100%) of incremental revenues are pledged pursuant to the provisions of this subchapter, the remaining incremental revenues shall not be used to support other economic development projects or tourism projects approved under KRS 139.536 and 148.851 to 148.860.

(5) The pledge of incremental state real property ad valorem tax revenues or state tax revenues of the Commonwealth by the authority shall be implemented through the execution of a tax incentive agreement between the Commonwealth and the agency, city, or county, as the case may be, in accordance with KRS 154.30-070.

(6) (a) The authority shall engage the services of a qualified independent outside consultant or financial adviser to analyze the data related to the project and the development area and prepare the report required by subsection (2) of this section. The report shall include the following:

1. The estimated approved public infrastructure costs for the project and, if relevant, approved signature project costs, financing costs, and costs associated with land preparation, demolition, and clearance;

2. The feasibility of the project, taking into account the scope and location of the project;

3. The estimated amount of local tax revenues and state tax revenues, as applicable, that would be generated by the project over the period, which may be up to twenty (20) years or thirty (30) years, as applicable, from the activation date;

4. The estimated amount of local tax revenues and state tax revenues, as applicable, that would be displaced within the Commonwealth, for the purpose of quantifying economic activity which is being shifted over the same period as that set forth in subparagraph 3. of this paragraph. The projections for displaced activity shall include economic activity that is lost to the Commonwealth as a result of the project, as well as economic activity that is diverted to the project that formerly took place at existing establishments within the Commonwealth prior to the commencement date of the project;

5. The estimated amount of local and state old revenues that would have been generated in the footprint of the project in the absence of the project, computed over the same time period as set forth in subparagraph 3. of this paragraph;

6. In the process of estimating the revenues and impacts prescribed in subparagraphs 3. and 4. of this paragraph, the independent outside consultant shall not consider any of the following:

a. Revenues or economic impacts associated with any projects within the development area where the new project will be located; and

b. Revenues or economic impacts associated with economic development projects and approved Kentucky Tourism Development Act projects under KRS Chapter 148;

7. The relationship of the estimated incremental revenues to the financing needs, including any increment bonds, of the project;

8. When estimating the fiscal impact of the project, the consultant shall evaluate the amount of revenue estimated in subparagraph 3. of this paragraph and shall deduct the amounts estimated in subparagraphs 4. and 5. of this paragraph. The resulting difference shall be compared to the estimated incremental revenues to determine the presence or absence of a positive fiscal impact; and

9. A determination that the project will not occur if not for the designation of the development area, the granting of incremental revenues by the taxing district or districts, other than the Commonwealth, and the granting of the state tax incremental revenues.

(b) 1. The independent consultant or financial advisor shall consult with the Office of State Budget Director, and the Finance and Administration Cabinet in the development of the report.

2. The Office of State Budget Director and the staff of the authority, in collaboration with the independent consultant or financial advisor, shall agree on a methodology to be used and assumptions to be made by the independent consultant or financial consultant in preparing its report.

3. On the basis of the independent consultant's report and the other materials provided, prior to any approval of a project by the authority, the Office of State Budget Director and the Finance and Administration Cabinet shall certify to the authority whether there is a projected net positive economic impact to the Commonwealth and the expected amount of state tax incremental revenues from the project.

4. The city, county, or agency making the application shall pay all costs associated with the independent consultant's or financial advisor's report.

➔Section 19. KRS 241.010 is amended to read as follows:

As used in KRS Chapters 241 to 244, unless the context requires otherwise:

(1) "Alcohol" means ethyl alcohol, hydrated oxide of ethyl or spirit of wine, from whatever source or by whatever process it is produced;

(2) "Alcoholic beverage" means every liquid, solid, powder, or crystal, whether patented or not, containing alcohol in an amount in excess of more than one percent (1%) of alcohol by volume, which is fit for beverage purposes. It includes every spurious or imitation liquor sold as, or under any name commonly used for, alcoholic beverages, whether containing any alcohol or not. It does not include the following products:

(a) Medicinal preparations manufactured in accordance with formulas prescribed by the United States Pharmacopoeia, National Formulary, or the American Institute of Homeopathy;

(b) Patented, patent, and proprietary medicines;

(c) Toilet, medicinal, and antiseptic preparations and solutions;

(d) Flavoring extracts and syrups;

(e) Denatured alcohol or denatured rum;

(f) Vinegar and preserved sweet cider;

(g) Wine for sacramental purposes; and

(h) Alcohol unfit for beverage purposes that is to be sold for legitimate external use;

(3) (a) "Alcohol vaporizing device" or "AWOL device" means any device, machine, or process that mixes liquor, spirits, or any other alcohol product with pure oxygen or by any other means produces a vaporized alcoholic product used for human consumption;

(b) "Alcohol vaporizing device" or "AWOL device" does not include an inhaler, nebulizer, atomizer, or other device that is designed and intended by the manufacturer to dispense a prescribed or over-the-counter medication or a device installed and used by a licensee under this chapter to demonstrate the aroma of an alcoholic beverage;

(4) "Automobile race track" means a facility primarily used for vehicle racing that has a seating capacity of at least thirty thousand (30,000) people;

(5) "Barrel-aged and batched cocktail" means an alcoholic beverage that is:

(a) Composed of:

1. Distilled spirits that have been dispensed from their original sealed container; and

2. Other ingredients or alcoholic beverages;

(b) Placed into a barrel or container on the premises of a retail licensee; and

(c) Dispensed from the barrel or container as a retail sale by the drink;

(6) "Bed and breakfast" means a one (1) family dwelling unit that:

(a) Has guest rooms or suites used, rented, or hired out for occupancy or that are occupied for sleeping purposes by persons not members of the single-family unit;

(b) Holds a permit under KRS Chapter 219; and

(c) Has an innkeeper who resides on the premises or property adjacent to the premises during periods of occupancy;

(7) "Board" means the State Alcoholic Beverage Control Board created by KRS 241.030;

(8) "Bottle" means any container which is used for holding alcoholic beverages for the use and sale of alcoholic beverages at retail;

(9) "Brewer" means any person who manufactures malt beverages or owns, occupies, carries on, works, or conducts any brewery, either alone or through an agent;

(10) "Brewery" means any place or premises where malt beverages are manufactured for sale, and includes all offices, granaries, mash rooms, cooling rooms, vaults, yards, and storerooms connected with the premises; or where any part of the process of the manufacture of malt beverages is carried on; or where any apparatus connected with manufacture is kept or used; or where any of the products of brewing or fermentation are stored or kept;

(11) "Building containing licensed premises" means the licensed premises themselves and includes the land, tract of land, or parking lot in which the premises are contained, and any part of any building connected by direct access or by an entrance which is under the ownership or control of the licensee by lease holdings or ownership;

(12) "Cannabinoid" means a compound found in the hemp plant Cannabis sativa L. from a United States Department of Agriculture sanctioned domestic hemp production program and does not include cannabinoids derived from any other substance;

(13) "Cannabis-infused beverage":

(a) Means a properly permitted adult-use cannabinoid liquid product intended for human consumption that has intoxicating properties that change the function of the nervous system and results in alterations of perception, cognition, or behavior and shall not contain more than five (5) milligrams of intoxicating adult-use cannabinoids per twelve (12) ounce serving; and

(b) Shall not include:

1. Medicinal cannabis regulated under KRS Chapter 218B;

2. Any type of hemp tincture; and

3. Any product containing solely nonintoxicating cannabinoids;

(14) ~~[(12)]~~ "Caterer" means a person operating a food service business that prepares food in a licensed and inspected commissary, transports the food and alcoholic beverages to the caterer's designated and inspected banquet hall or to an agreed location, and serves the food and alcoholic beverages pursuant to an agreement with another person;

(15) ~~[(13)]~~ "Charitable organization" means a nonprofit entity recognized as exempt from federal taxation under section 501(c) of the Internal Revenue Code (26 U.S.C. sec. 501(c)) or any organization having been established and continuously operating within the Commonwealth of Kentucky for charitable purposes for three (3) years and which expends at least sixty percent (60%) of its gross revenue exclusively for religious, educational, literary, civic, fraternal, or patriotic purposes;

(16) ~~[(14)]~~ "Cider" means any fermented fruit-based beverage containing seven percent (7%) or more alcohol by volume and includes hard cider and perry cider;

(17) ~~[(15)]~~ "City administrator" means city alcoholic beverage control administrator;

(18) ~~[(16)]~~ "Commercial airport" means an airport through which more than five hundred thousand (500,000) passengers arrive or depart annually;

(19) ~~[(17)]~~ (a) "Commercial quadricycle" means a vehicle equipped with a minimum of ten (10) pairs of fully operative pedals for propulsion by means of human muscular power and which:

1. Has four (4) wheels;
2. Is operated in a manner similar to that of a bicycle;
3. Is equipped with a minimum of thirteen (13) seats for passengers;
4. Has a unibody design;
5. Is equipped with a minimum of four (4) hydraulically operated brakes;
6. Is used for commercial tour purposes;
7. Is operated by the vehicle owner or an employee of the owner; and
8. Has an electrical assist system that shall only be used when traveling to or from its storage location while not carrying passengers.

(b) A "commercial quadricycle" is not a motor vehicle as defined in KRS 186.010 or 189.010;

(20) ~~[(18)]~~ "Commissioner" means the commissioner of the Department of Alcoholic Beverage Control;

(21) ~~[(19)]~~ "Consumer" means a person, persons, or business organization who purchases alcoholic beverages and who:

(a) Does not hold a license or permit issued by the department;

(b) Purchases the alcoholic beverages for personal consumption only and not for resale;

(c) Is of lawful drinking age; and

(d) Receives the alcoholic beverages in territory where the alcoholic beverages may be lawfully sold or received;

(22) ~~[(20)]~~ "Convention center" means any facility which, in its usual and customary business, provides seating for a minimum of one thousand (1,000) people and offers convention facilities and related services for seminars, training and educational purposes, trade association meetings, conventions, or civic and community events or for plays, theatrical productions, or cultural exhibitions;

(23) ~~[(21)]~~ "Convicted" and "conviction" means a finding of guilt resulting from a plea of guilty, the decision of a court, or the finding of a jury, irrespective of a pronouncement of judgment or the suspension of the judgment;

(24) ~~[(22)]~~ "County administrator" means county alcoholic beverage control administrator;

(25) ~~[(23)]~~ "Department" means the Department of Alcoholic Beverage Control;

(26) ~~[(24)]~~ "Dining car" means a railroad passenger car that serves meals to consumers on any railroad or Pullman car company;

(27) ~~[(25)]~~ "Discount in the usual course of business" means price reductions, rebates, refunds, and discounts given by wholesalers to distilled spirits and wine retailers pursuant to an agreement made at the time of the sale of the merchandise involved and are considered a part of the sales transaction, constituting reductions in price pursuant to the terms of the sale, irrespective of whether the quantity discount was:

(a) Prorated and allowed on each delivery;

(b) Given in a lump sum after the entire quantity of merchandise purchased had been delivered; or

(c) Based on dollar volume or on the quantity of merchandise purchased;

(28) ~~[(26)]~~ "Distilled spirits" or "spirits" means any product capable of being consumed by a human being which contains alcohol obtained by distilling, mixed with water or other substances in solution, except wine, hard cider, and malt beverages;

(29) ~~[(27)]~~ "Distiller" means any person who is engaged in the business of manufacturing distilled spirits at any distillery in the state and is registered in the Office of the Collector of Internal Revenue for the United States at Louisville, Kentucky;

(30) ~~[(28)]~~ "Distillery" means any place or premises where distilled spirits are manufactured for sale, and which are registered in the office of any collector of internal revenue for the United States. It includes any United States government bonded warehouse;

(31) ~~[(29)]~~ "Distributor" means any person who distributes malt beverages for the purpose of being sold at retail;

(32) ~~[(30)]~~ "Dry" means a territory in which a majority of the electorate voted to prohibit all forms of retail ***alcoholic beverage*** ~~[alcohol]~~ sales through a local option election held under KRS Chapter 242;

(33) ~~[(31)]~~ "Election" means:

(a) An election held for the purpose of taking the sense of the people as to the application or discontinuance of alcoholic beverage sales under KRS Chapter 242; or

(b) Any other election not pertaining to ***alcoholic beverages*** ~~[alcohol]~~;

(34) ~~[(32)]~~ "Horse racetrack" means a facility licensed to conduct a horse race meeting under KRS Chapter 230;

(35) ~~[(33)]~~ "Hotel" means a hotel, motel, or inn for accommodation of the traveling public, designed primarily to serve transient patrons;

(36) ~~[(34)]~~ "Investigator" means any employee or agent of the department who is regularly employed and whose primary function is to travel from place to place for the purpose of visiting licensees, and any employee or agent of the department who is assigned, temporarily or permanently, by the commissioner to duty outside the main office of the department at Frankfort, in connection with the administration of alcoholic beverage statutes;

(37) ~~[(35)]~~ "License" means any license issued pursuant to KRS Chapters 241 to 244;

(38) ~~[(36)]~~ "Licensee" means any person to whom a license has been issued, pursuant to KRS Chapters 241 to 244;

(39) ~~[(37)]~~ "Limited restaurant" means:

(a) A facility where the usual and customary business is the preparation and serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its food and alcoholic beverage receipts from the sale of food, which maintains a minimum seating capacity of fifty (50) persons for dining, which has no open bar, which requires that alcoholic beverages be sold in conjunction with the sale of a meal, and which is located in a wet or moist territory under KRS 242.1244; or

(b) A facility where the usual and customary business is the preparation and serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its food and alcoholic beverage receipts from the sale of food, which maintains a minimum seating capacity of one hundred (100) persons of dining, and which is located in a wet or moist territory under KRS 242.1244;

(40) ~~[(38)]~~ "Local administrator" means a city alcoholic beverage ***control*** administrator, county alcoholic beverage ***control*** administrator, or urban-county alcoholic beverage control administrator;

(41) ~~[(39)]~~ "Malt beverage" means any fermented undistilled alcoholic beverage of any name or description, manufactured from malt wholly or in part, or from any substitute for malt, and includes weak cider;

(42) ~~[(40)]~~ "Manufacture" means distill, rectify, brew, bottle, and operate a winery;

(43) ~~[(41)]~~ "Manufacturer" means a winery, distiller, rectifier, or brewer, and any other person engaged in the production or bottling of alcoholic beverages;

(44) ~~[(42)]~~ "Marina" means a dock or basin providing moorings for boats and offering supply, repair, or other services for remuneration;

(45) ~~[(43)]~~ "Minor" means any person who is not twenty-one (21) years of age or older;

(46) ~~[(44)]~~ "Moist" means a territory in which a majority of the electorate voted to permit limited ***alcoholic beverage*** ~~[alcohol]~~ sales by any one (1) or a combination of special limited local option elections authorized by KRS Chapter 242;

(47) ~~[(45)]~~ "Population" means the population figures established by the federal decennial census for a census year or the current yearly population estimates prepared by the Kentucky State Data Center, Urban Studies Center of the University of Louisville, Louisville, Kentucky, for all other years;

(48) ~~[(46)]~~ "Premises" means the land and building in and upon which any business regulated by alcoholic beverage statutes is operated or carried on. "Premises" shall not include as a single unit two (2) or more separate businesses of one (1) owner on the same lot or tract of land, in the same or in different buildings if physical and permanent separation of the premises is maintained, excluding employee access by keyed entry and emergency exits equipped with crash bars, and each has a separate public entrance accessible directly from the sidewalk or parking lot. Any licensee holding an alcoholic beverage license on July 15, 1998, shall not, by reason of this subsection, be ineligible to continue to hold his or her license or obtain a renewal, of the license;

(49) ~~[(47)]~~ "Primary source of supply" or "supplier" means the distiller, winery, brewer, producer, owner of the commodity at the time it becomes a marketable product, bottler, or authorized agent of the brand owner. In the case of imported products, the primary source of supply means either the foreign producer, owner, bottler, or agent of the prime importer from, or the exclusive agent in, the United States of the foreign distiller, producer, bottler, or owner;

(50) ~~[(48)]~~ "Private club" means a nonprofit social, fraternal, military, or political organization, club, or nonprofit or for-profit entity maintaining or operating a club room, club rooms, or premises from which the general public is excluded;

(51) ~~[(49)]~~ "Private selection event" means a private event with a licensed distiller during which participating consumers, retail licensees, wholesalers, distributors, or a distillery's own representatives select a single barrel or a blend of barrels of the distiller's products to be specially packaged for the participants;

(52) ~~[(50)]~~ "Private selection package" means a bottle of distilled spirits sourced from the barrel or barrels selected by participating consumers, retail licensees, wholesalers, distributors, microbreweries that hold a quota retail drink or quota retail package license, or a distillery's own representatives during a private selection event;

(53) ~~[(51)]~~ "Public nuisance" means a condition that endangers safety or health, is offensive to the senses, or obstructs the free use of property so as to interfere with the comfortable enjoyment of life or property by a community or neighborhood or by any considerable number of persons;

(54) ~~[(52)]~~ "Qualified historic site" means:

(a) A contributing property with dining facilities for at least fifty (50) persons at tables, booths, or bars where food may be served within a commercial district listed in the National Register of Historic Places;

(b) A site that is listed as a National Historic Landmark or in the National Register of Historic Places with dining facilities for at least fifty (50) persons at tables, booths, or bars where food may be served;

(c) A distillery which is listed as a National Historic Landmark and which conducts souvenir retail package sales under KRS 243.0305; or

(d) A not-for-profit or nonprofit facility listed on the National Register of Historic Places;

(55) ~~[(53)]~~ "Rectifier" means any person who rectifies, purifies, or refines distilled spirits, malt, or wine by any process other than as provided for on distillery premises, and every person who, without rectifying, purifying, or refining distilled spirits by mixing alcoholic beverages with any materials, manufactures any imitations of or compounds liquors for sale under the name of whiskey, brandy, gin, rum, wine, spirits, cordials, bitters, or any other name;

(56) ~~[(54)]~~ "Repackaging" means the placing of alcoholic beverages in any retail container irrespective of the material from which the container is made;

(57) ~~[(55)]~~ "Restaurant" means a facility where the usual and customary business is the preparation and serving of meals to consumers, that has a bona fide kitchen facility, and that receives at least fifty percent (50%) of its food and alcoholic beverage receipts from the sale of food at the premises;

(58) ~~[(56)]~~ "Retail container" means any bottle, can, barrel, or other container which, without a separable intermediate container, holds alcoholic beverages and is suitable and destined for sale to a retail outlet, whether it is suitable for delivery or shipment to the consumer or not;

(59) ~~[(57)]~~ "Retail sale" means any sale of alcoholic beverages to a consumer, including those transactions taking place in person, electronically, online, by mail, or by telephone;

(60) ~~[(58)]~~ "Retailer" means any licensee who sells and delivers any alcoholic beverage to consumers, except for manufacturers with limited retail sale privileges and direct shipper licensees;

(61) ~~[(59)]~~ "Riverboat" means any boat or vessel with a regular place of mooring in this state that is licensed by the United States Coast Guard to carry forty (40) or more passengers for hire on navigable waters in or adjacent to this state;

(62) ~~[(60)]~~ "Sale" means any transfer, exchange, or barter for consideration, and includes all sales made by any person, whether principal, proprietor, agent, servant, or employee, of any alcoholic beverage;

(63) ~~[(61)]~~ "Service bar" means a bar, counter, shelving, or similar structure used for storing or stocking supplies of alcoholic beverages that is a workstation where employees prepare alcoholic beverage drinks to be delivered to customers away from the service bar;

(64) ~~[(62)]~~ "Sell" includes solicit or receive an order for, keep or expose for sale, keep with intent to sell, and the delivery of any alcoholic beverage;

(65) ~~[(63)]~~ "Small farm winery" means a winery whose wine production is not less than two hundred fifty (250) gallons and not greater than five hundred thousand (500,000) gallons in a calendar year;

(66) ~~[(64)]~~ "Souvenir package" means a special package of distilled spirits available from a licensed retailer that is:

(a) Available for retail sale at a licensed Kentucky distillery where the distilled spirits were produced or bottled; or

(b) Available for retail sale at a licensed Kentucky distillery but produced or bottled at another of that distiller's licensed distilleries in Kentucky;

(67) ~~[(65)]~~ "State administrator" or "administrator" means the distilled spirits administrator or the malt beverages administrator, or both, as the context requires;

(68) ~~[(66)]~~ "State park" means a state park that has a:

(a) Nine (9) or eighteen (18) hole golf course; or

(b) Full-service lodge and dining room;

(69) ~~[(67)]~~ "Supplemental bar" means a bar, counter, shelving, or similar structure used for serving and selling distilled spirits or wine by the drink for consumption on the licensed premises to guests and patrons from additional locations other than the main bar;

(70) ~~[(68)]~~ "Territory" means a county, city, district, or precinct;

(71) ~~[(69)]~~ "Urban-county administrator" means an urban-county alcoholic beverage control administrator;

(72) ~~[(70)]~~ "Valid identification document" means an unexpired, government-issued form of identification that contains the photograph and date of birth of the individual to whom it is issued;

(73) ~~[(71)]~~ "Vehicle" means any device or animal used to carry, convey, transport, or otherwise move alcoholic beverages or any products, equipment, or appurtenances used to manufacture, bottle, or sell these beverages;

(74) ~~[(72)]~~ "Vintage distilled spirit" means:

(a) A private selection package; or

(b) A package or packages of distilled spirits that:

1. Are in their original manufacturer's unopened container;

2. Are not owned by a distillery; and

3. Are not otherwise available for purchase from a licensed wholesaler within the Commonwealth;

(75) ~~[(73)]~~ (a) "Vintage distilled spirits seller" means a nonlicensed person at least twenty-one (21) years of age who is:

1. An administrator, executor, receiver, or other fiduciary who receives and sells vintage distilled spirits in execution of the person's fiduciary capacity;

2. A creditor who receives or takes possession of vintage distilled spirits as security for, or in payment of, debt, in whole or in part;

3. A public officer or court official who levies on vintage distilled spirits under order or process of any court or magistrate to sell the vintage distilled spirits in satisfaction of the order or process; or

4. Any other person not engaged in the business of selling alcoholic beverages.

(b) "Vintage distilled spirits seller" does not mean:

1. A person selling alcoholic beverages as part of an approved KRS 243.630 transfer; or

2. A person selling alcoholic beverages as authorized by KRS 243.540;

(76) ~~[(74)]~~ "Warehouse" means any place in which alcoholic beverages are housed or stored;

(77) ~~[(75)]~~ "Weak cider" means any fermented fruit-based beverage containing more than one percent (1%) but less than seven percent (7%) alcohol by volume;

(78) ~~[(76)]~~ "Wet" means a territory in which a majority of the electorate voted to permit all forms of retail ***alcoholic beverage*** ~~[alcohol]~~ sales by a local option election under KRS 242.050 or 242.125 on the following question: "Are you in favor of the sale of alcoholic beverages in (name of territory)?";

(79) ~~[(77)]~~ "Wholesale sale" means a sale to any person for the purpose of resale;

(80) ~~[(78)]~~ "Wholesaler" means any person who distributes alcoholic beverages for the purpose of being sold at retail, but it shall not include a subsidiary of a manufacturer or cooperative of a retail outlet;

(81) ~~[(79)]~~ "Wine" means the product of the normal alcoholic fermentation of the juices of fruits, with the usual processes of manufacture and normal additions, and includes champagne and sparkling and fortified wine of an alcoholic content not to exceed twenty-four percent (24%) by volume. It includes sake, cider, hard cider, and perry cider and also includes preparations or mixtures vended in retail containers if these preparations or mixtures contain not more than fifteen percent (15%) of alcohol by volume. It does not include weak cider; and

(82) ~~[(80)]~~ "Winery" means any place or premises in which wine is manufactured from any fruit, or brandies are distilled as a by-product of wine or other fruit, or cordials are compounded, except a place or premises that manufactures wine for sacramental purposes exclusively.

➔Section 20. KRS 243.720 is amended to read as follows:

(1) (a) There is levied upon the use, sale, or distribution by sale or gift of distilled spirits a tax of one dollar and ninety-two cents ($1.92) on each wine gallon of distilled spirits, and a proportional rate per gallon on all distilled spirits used, sold, or distributed in any container of more or less than one (1) gallon, but the rate of the excise tax on spirits in retail containers of one-half (1/2) pint shall be twelve cents ($0.12); and

(b) Notwithstanding the provisions of paragraph (a) of this subsection, distilled spirits placed in containers for sale at retail, where the distilled spirits represent six percent (6%) or less of the total volume of the contents of ***the*** ~~[such]~~ containers, shall be taxed at the rate of twenty-five cents ($0.25) per gallon.

(2) There is levied upon the use, sale, or distribution by sale or gift of wine, a tax of fifty cents ($0.50) on each gallon of wine, and a proportional rate per gallon on the wine used, sold, or distributed in any container of more or less than one (1) gallon, but the tax shall not be less than four cents ($0.04) on the sale or distribution of any retail container of wine.

(3) (a) There is levied upon the sale or distribution by sale or gift of malt beverages an excise tax of two dollars and fifty cents ($2.50) on each barrel of thirty-one (31) gallons and a proportional rate per gallon on malt beverages sold or distributed in any container of more or less than thirty-one (31) gallons;

(b) Each brewer producing malt beverages in this state shall be entitled to a credit of fifty percent (50%) of the tax levied on each barrel of malt beverages sold in this state, up to three hundred thousand (300,000) barrels per annum.

(4) ***There is levied upon the use, sale, or distribution by sale or gift of cannabis-infused beverages a tax of one dollar and ninety-two cents ($1.92) on each gallon of a cannabis-infused beverage, and a proportional rate per gallon on all cannabis-infused beverages used, sold, or distributed in any container of more or less than one (1) gallon.***

(5) This section shall not apply to:

(a) Wine manufactured, sold, given away, or distributed and used solely for sacramental purposes; or

(b) Distilled spirits and wine purchased by holders of special licenses provided for in KRS 243.320 and purchased and used in the manner authorized by those licenses.

➔Section 21. KRS 243.730 is amended to read as follows:

(1) (a) Wholesalers of distilled spirits and wine shall pay and report the tax levied by KRS 243.720(1) and (2) on or before the twentieth day of the calendar month next succeeding the month in which possession or title of the distilled spirits and wine is transferred from the wholesaler to retailers or consumers in this state, in accordance with ***administrative***~~[rules and]~~ regulations ***promulgated under KRS Chapter 13A***~~[of the Department of Revenue]~~ designed reasonably to protect the revenues of the Commonwealth.

(b) ***1.*** Distributors or retailers of malt beverages, who purchase malt beverages directly from a brewer, shall pay and report the tax levied by KRS 243.720(3) on or before the twentieth day of the calendar month next succeeding the month in which the brewer sells, transfers, or passes title of the malt beverage to the distributor or retailer, in accordance with ***administrative***~~[rules and]~~ regulations ***promulgated under KRS Chapter 13A***~~[of the Department of Revenue]~~ designed reasonably to protect the revenues of the Commonwealth.

2. The credit allowed brewers in this state, under the provisions of KRS 243.720(3)(b), shall flow through to the distributor or retailer who purchases malt beverages directly from the brewer.

3. If a brewer sells, transfers, or passes title to malt beverages to any of its employees for home consumption or to any charitable or fraternal organization pursuant to the provisions of KRS 243.150, the brewer shall be responsible for paying and reporting the tax levied by KRS 243.720(3) in accordance with the provisions of ***paragraph (d) of this*** subsection~~[(e) of this section]~~.

(c) ***Cannabis-infused beverage distributors shall pay and report the tax levied by subsection (4) of Section 20 of this Act on or before the twentieth day of the calendar month next succeeding the month in which possession or title of the cannabis-infused beverages are transferred from the cannabis-infused beverage distributor to retailers or consumers in this state, in accordance with administrative regulations promulgated under KRS Chapter 13A designed reasonably to protect the revenues of the Commonwealth.***

(d) ***1.*** Every brewer selling, transferring, or passing title to malt beverages to any person in this state other than a distributor or retailer***;***

2. ***Every manufacturer of cannabis-infused beverages permitted by the Department for Public Health selling, transferring, or passing title to cannabis-infused beverages to any person in this state other than a distributor or retailer;***~~[,]~~ and

3. Every other person selling, transferring, or passing title of distilled spirits, wine, ~~[or]~~malt beverages***, or cannabis-infused beverages*** to distributors, retailers, ***cannabis-infused beverage licensees,*** or consumers***;***

shall report and pay the tax levied by KRS 243.720~~[(1), (2), or (3)]~~ on or before the twentieth day of the calendar month next succeeding the month in which possession or title of distilled spirits, wine, ~~[or]~~malt beverages***, or cannabis-infused beverages*** is transferred to a distributor, retailer, ***cannabis-infused beverage licensee,*** or consumer in this state, in accordance with ***administrative***~~[rules and]~~ regulations ***promulgated under KRS Chapter 13A***~~[of the Department of Revenue]~~ designed reasonably to protect the revenues of the Commonwealth.

(e)~~[(d)]~~ Every distributor, retailer, or consumer possessing, using, selling, or distributing distilled spirits, wine,~~[or]~~ malt beverages***, or cannabis-infused beverages*** in this state upon which the tax levied by KRS 243.720~~[(1), (2), or (3)]~~ and KRS 243.884 has not been paid shall be jointly and severally liable for reporting and paying the tax due, in accordance with ***administrative***~~[rules and]~~ regulations ***promulgated under KRS Chapter 13A***~~[of the Department of Revenue]~~ designed reasonably to protect the revenues of the Commonwealth. ***The***~~[Such]~~ liability shall not be extinguished until the tax has been paid to the Department of Revenue.

(f)~~[(e)]~~ Notwithstanding the provisions of paragraph (a) of this subsection, every owner of a small farm winery shall pay and report the tax levied by KRS 243.720 (1) and (2) on a quarterly basis, in

accordance with administrative regulations of the Department of Revenue designed reasonably to protect the revenues of the Commonwealth.

(2) Every wholesaler of distilled spirits or wine before using, selling, or distributing by sale or gift distilled spirits and wine shall ***register***~~[qualify]~~ with the Department of Revenue.

(3) Every brewer before selling or distributing by sale or gift malt beverages, or before importing malt beverages into the state, shall ***register***~~[qualify]~~ with the Department of Revenue in ***a***~~[such]~~ manner as the Department of Revenue may require.

(4) Every manufacturer of cannabis-infused beverages before selling or distributing by sale or gift cannabis-infused beverages, or before importing cannabis-infused beverages into the state, shall:

(a) Obtain a permit as a food manufacturer through the Department for Public Health; and

(b) Register with the Department of Revenue in a manner as the Department of Revenue may require.

➔Section 22. KRS 243.790 is amended to read as follows:

The sale or distribution of alcoholic beverages ***or cannabis-infused beverages*** manufactured in or imported into this state for shipment permanently out of the state to be sold without the state and consumed without the state shall not be subject to the tax imposed by KRS 243.720. Provided, however, the Department of Revenue may, when necessary for the purpose of control enforcement or protection of revenue, prescribe the conditions under which containers of ***the***~~[such]~~ alcoholic beverages ***or cannabis-infused beverages*** for shipment permanently out of the state to be sold without the state and consumed without the state may be kept and trafficked in without payment of the tax.

➔Section 23. KRS 243.850 is amended to read as follows:

(1) For the purpose of assisting in the enforcement of ***Sections 20, 21, 22, and 24 of this Act***~~[KRS 243.720 to 243.850 and 243.884 or any amendments thereof]~~, every licensee, except retailers, whether subject to the payment of taxes imposed by ***Sections 20, 21, 22, and 24 of this Act***~~[said sections or any amendments thereof]~~, shall, on or before the twentieth day of each month, render to the Department of Revenue a statement, in writing, of all ~~[his]~~trafficking in alcoholic beverages ***or cannabis-infused beverages*** during the preceding month.

(2) ***The***~~[Such]~~ statement shall***:***

(a) Be taken directly from the records of the reporting licensee ***or manufacturer of cannabis-infused beverages permitted by the Department for Public Health***, and shall set forth on forms furnished by the Department of Revenue ***the required***~~[such]~~ information***; and***~~[as shall be required by it. such statement shall]~~

(b) Include ***alcoholic beverages or cannabis-infused beverages***~~[alcohol]~~ destined for sale outside the state, as well as alcoholic beverages ***or cannabis-infused beverages*** subject to the tax imposed by ***Sections 20, 21, 22, and 24 of this Act***~~[KRS 243.720 to 243.850 and 243.884 or any amendments thereof]~~.~~[Provided, that]~~

(3) The Department of Revenue shall have authority to require from retail licensees***,*** ~~[and]~~other licensees, ***and manufacturers of cannabis-infused beverages,*** other reports and statements at ***the necessary***~~[such]~~ times~~[as are necessary]~~ for the enforcement of ***Sections 20, 21, 22, and 24 of this Act***~~[KRS 243.720 to 243.850 and 243.884 or any amendments thereof]~~.

➔Section 24. KRS 243.884 is amended to read as follows:

(1) (a) For the privilege of making "wholesale sales" or "sales at wholesale" of ***malt beverages***~~[beer]~~, wine, ~~[or]~~distilled spirits, ***or cannabis-infused beverages,*** a tax is hereby imposed upon all wholesalers of wine and distilled spirits, all distributors of ***malt beverages or***~~[beer,]~~ ***cannabis-infused beverages,*** all direct shipper licensees shipping ***alcoholic beverages***~~[alcohol]~~ ***or cannabis-infused beverages*** to a consumer at a Kentucky address, all distillers making sales pursuant to KRS 243.0305(3), (4)(a)1. and 2. and (c), (7), (9), (10), (12), and (13), all microbreweries selling malt beverages under KRS 243.157, ~~[and]~~all small farm wineries selling wine under KRS 243.155***, and all manufacturers of cannabis-infused beverages permitted by the Department for Public Health***.

(b) Prior to July 1, 2015, the tax shall be imposed at the rate of eleven percent (11%) of the gross receipts of any ~~[such]~~wholesaler or distributor derived from "sales at wholesale" or "wholesale sales" made within the Commonwealth, except as provided in subsection (3) of this section. For the purposes of this section, the gross receipts of a microbrewery making "wholesale sales" shall be calculated by

determining the dollar value amount that the microbrewer would have collected had it conveyed to a distributor the same volume sold to a consumer as allowed under KRS 243.157 (3)(b) and (c).

(c) ~~[On and after July 1, 2015,]~~The following rates shall apply ***to wholesale sales or sales at wholesale***:

1. For distilled spirits ***and cannabis-infused beverages***, eleven percent (11%)~~[of wholesale sales or sales at wholesale]~~; and

2. For wine ***and malt beverages,*** ~~[and beer:~~

~~a. Ten and three-quarters of one percent (10.75%) for wholesale sales or sales at wholesale made on or after July 1, 2015, and before June 1, 2016;~~

~~b. Ten and one-half of one percent (10.5%) for wholesale sales or sales at wholesale made on or after June 1, 2016, and before June 1, 2017;~~

~~c. Ten and one-quarter of one percent (10.25%) for wholesale sales or sales at wholesale made on or after June 1, 2017, and before June 1, 2018; and~~

~~d.]~~ten percent (10%)~~[for wholesale sales or sales at wholesale made on or after June 1, 2018]~~.

(d) ~~[On and after March 12, 2021,]~~The following rates shall apply for direct shipper sales:

1. For distilled spirits ***and cannabis-infused beverages*** shipments, eleven percent (11%) for wholesale sales or sales at wholesale; and

2. For wine ***and malt beverage***~~[and beer]~~ shipments, ten percent (10%) for wholesale sales or sales at wholesale.

(e) For direct shipper sales or sales made pursuant to KRS 243.0305, if a wholesale price is not readily available, the direct shipper licensee or distillery shall calculate the wholesale price to be seventy percent (70%) of the retail price of the alcoholic beverages.

(2) Wholesalers of distilled spirits and wine, distributors of malt beverages~~[,]~~ ***or cannabis-infused beverages,*** microbreweries, distillers, ***manufacturers of cannabis-infused beverages permitted by the Department for Public Health,*** and direct shipper licensees shall pay and report the tax levied by this section on or before the twentieth day of the calendar month next succeeding the month in which possession or title of the distilled spirits, wine,~~[or]~~ malt beverages***, or cannabis-infused beverages*** is transferred from the wholesaler or distributor to retailers, or by microbreweries, distillers, ***manufacturers of cannabis-infused beverages permitted by the Department for Public Health,*** or direct shipper licensees to consumers in this state, in accordance with ***administrative***~~[rules and]~~ regulations ***promulgated under KRS Chapter 13A***~~[of the Department of Revenue]~~ designed reasonably to protect the revenues of the Commonwealth.

(3) Gross receipts from sales at wholesale or wholesale sales shall not include the following sales:

(a) Sales made between wholesalers***,*** ~~[or]~~between distributors***, or between manufacturers of cannabis-infused beverages permitted by the Department for Public Health***;

(b) Sales from the first fifty thousand (50,000) gallons of wine produced by a small farm winery in a calendar year made by:

1. The small farm winery; or

2. A wholesaler of that wine produced by the small farm winery; and

(c) Sales made between a direct shipper licensee and a consumer located outside of Kentucky.

➔SECTION 25. A NEW SECTION OF KRS CHAPTER 246 IS CREATED TO READ AS FOLLOWS:

The General Assembly declares:

(1) Alternative fuels are vitally important to the Commonwealth because the alternative fuel may:

(a) Reduce pollution;

(b) Improve energy security; and

(c) Support the Commonwealth's economy;

(2) Alternative fuels derived from resources within the Commonwealth, including:

(a) Ethanol derived from corn;

(b) Biodiesel derived from soybean oil;

(c) Waste streams;

(d) Renewable or zero emissions energy sources;

(e) Gaseous carbon-18 oxides; and

(f) Alternative jet fuels generated by agricultural production facilities in the Commonwealth;

reduce undesirable impacts to the environment and provide additional demand for those resources;

(3) Environmental benefits resulting from alternative fuels include:

(a) Reduced harmful emissions, including carbon dioxide, carbon monoxide, and sulfur; and

(b) Improved air quality by reducing ozone-forming emissions;

(4) Alternative fuels may:

(a) Stimulate the economy;

(b) Create jobs across the Commonwealth;

(c) Diversify the Commonwealth's energy supply; and

(d) Reduce dependence on imported fuels;

through the development of a production network in the Commonwealth for consumers in the Commonwealth;

(5) There are various other benefits which may be achieved, including improved:

(a) Performance of vehicles that results in a reduction of operation costs for the citizens of the Commonwealth; and

(b) Transportation systems, including the creation of a sustainable supply; and

(6) Its commitment to:

(a) A full evaluation of the Commonwealth's jet fuel tax policy positions; and

(b) Furthering research and development to build an alternative fuels policy that may be declared the best in the nation.

➔SECTION 26. A NEW SECTION OF KRS CHAPTER 139 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Entertainment event":

1. Means a live performance or exhibition of musical, theatrical, cultural, culinary, or other artistic presentation; and

2. Does not include sporting events or tournaments;

(b) "Facility operator" means a person who owns or operates a venue;

(c) "Qualifying attraction" means a series of entertainment events which is:

1. Held at a venue over a duration of at least two (2) consecutive days;

2. Hosted by a sponsoring entity pursuant to an agreement with a facility operator that authorizes the sponsoring entity to conduct one (1) or more series of entertainment events annually during at least five (5) consecutive years; and

3. Open to the public upon purchase of tickets, with attendance totaling at least sixty thousand (60,000) admissions over the duration of each series of entertainment events;

(d) "Sponsoring entity" means the person hosting a qualifying attraction; and

(e) "Venue" means:

1. *Public property located in a consolidated local government or an urban-county government which is owned, operated, or controlled by the consolidated local government or urban-county government;*

2. *A park located in a consolidated local government that is:*

   a. *Open to the general public; and*

   b. *Owned, operated, or controlled by any nonprofit corporation established under KRS 273.161 to 273.390;*

3. *Property located in a consolidated local government or an urban-county government that is owned, operated, or controlled by a public university; or*

4. *Privately owned property located in a consolidated local government or an urban-county government that is suitable for hosting entertainment events and qualifying attractions.*

(2) Notwithstanding KRS 134.580 and 139.770:

(a) A sponsoring entity and facility operator shall be granted a sales tax incentive totaling fifty percent (50%) of the Kentucky sales tax generated by the sale of admissions to a qualifying attraction held at a venue, and the sales of tangible personal property and services at the qualifying attraction, including but not limited to the sale of food and beverage concessions, souvenirs, camping, and parking;

(b) The amount of the sales tax incentive authorized in paragraph (a) of this subsection shall be allocated as follows:

1. *Fifty percent (50%) shall be paid to the facility operator and utilized to support operations and maintenance at the venue; and*

2. *Fifty percent (50%) shall be paid to the sponsoring entity of the qualifying attraction from which the sales taxes were generated;*

(c) Only one (1) incentive request shall be made for each qualifying attraction each year;

(d) The sponsoring entity and facility operator shall have no obligation to refund or otherwise return any amount of the sales tax incentive to the persons from whom the sales tax was collected;

(e) The sales tax incentive shall be reduced by the vendor compensation allowed under KRS 139.570; and

(f) Interest shall not be allowed or paid on any sales tax incentive payment made under this section.

(3) The department shall accept initial applications for sales tax incentives under this section for qualifying attractions held on or after July 1, 2025.

(4) To be eligible for a sales tax incentive under this section, the sponsoring entity shall file an initial application with the department, which:

(a) Includes sufficient information regarding the qualifying attraction to demonstrate whether it qualifies for the sales tax incentive; and

(b) Is filed at least sixty (60) days prior to the date of the first entertainment event constituting the qualifying attraction.

(5) Within thirty (30) days of receipt of the initial application, the department shall notify the sponsoring entity of its preliminary approval or denial of the qualifying attraction.

(6) If the initial application is denied, the department shall provide the reason for the denial.

(7) After approval of its initial application and the completion of the qualifying attraction, a sponsoring entity shall apply for a sales tax incentive no earlier than thirty (30) days following the end of the month during which sales taxes that were generated from the qualifying attraction are collected. The application may aggregate eligible sales taxes from previous months if the events comprising the qualifying attraction were held in more than one (1) month.

(8) The department shall review each application for a sales tax incentive and determine if it meets the requirements of this section, pending the verification of required attendance.

(9) In determining eligibility for a sales tax incentive authorized under this section, the department shall waive the duration and attendance requirements listed in subsection (1)(c)1. and 3. of this section if the person requesting an incentive demonstrates that any delays, cancellations, or postponements were due to inclement weather or other extraordinary events beyond the control of the parties involved and that the weather or other extraordinary events rendered the satisfaction of the requirement impossible.

(10) Both the initial application and the sales tax incentive application shall be in the form prescribed by the department through the promulgation of an administrative regulation in accordance with KRS Chapter 13A.

(11) The department shall verify the amount of sales tax incentive and pay the allocations determined to be due in accordance with subsection (2)(b) of this section within forty-five (45) days of receipt of the later of:

(a) The application submitted under subsection (7) of this section; or

(b) All necessary supporting information required by the department to determine that the sponsoring entity is eligible for the incentive.

(12) (a) Prior to November 1, 2026, and continuing each November 1 thereafter to November 1, 2035, the department shall provide an annual report detailing information related to each qualifying attraction receiving incentives during the fiscal year concluding on June 30 of the reporting period.

(b) The department shall include the following information in the report:

1. The name of the qualifying attraction;

2. The venue where the qualifying attraction was held;

3. The name of the facility operator;

4. The name of the sponsoring entity;

5. The duration of the qualifying attraction and the number of admissions over that duration; and

6. The amount of incentive paid to the facility operator; and

7. The amount of incentive paid to the sponsoring entity.

(c) The information required to be reported under this subsection shall not be considered confidential taxpayer information and shall not be subject to KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes prohibiting disclosure or reporting of information.

(13) The provisions of this section shall expire on June 30, 2035, and a qualifying attraction held after June 30, 2035, shall not be eligible for the incentives authorized in this section.

(14) The General Assembly is committed to the research and development of tourism policies, including the aspiration to hold other entertainment events across the Commonwealth and especially in rural Kentucky.

➔Section 27. KRS 131.190 is amended to read as follows:

(1) No present or former commissioner or employee of the department, present or former member of a county board of assessment appeals, present or former property valuation administrator or employee, present or former secretary or employee of the Finance and Administration Cabinet, former secretary or employee of the Revenue Cabinet, or any other person, shall intentionally and without authorization inspect or divulge any information acquired by him or her of the affairs of any person, or information regarding the tax schedules, returns, or reports required to be filed with the department or other proper officer, or any information produced by a hearing or investigation, insofar as the information may have to do with the affairs of the person's business.

(2) The prohibition established by subsection (1) of this section shall not extend to:

(a) Information required in prosecutions for making false reports or returns of property for taxation, or any other infraction of the tax laws;

(b) Any matter properly entered upon any assessment record, or in any way made a matter of public record;

(c) Furnishing any taxpayer or his or her properly authorized agent with information respecting his or her own return;

(d) Testimony provided by the commissioner or any employee of the department in any court, or the introduction as evidence of returns or reports filed with the department, in an action for violation of state or federal tax laws or in any action challenging state or federal tax laws;

(e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or energy resources assessed under KRS 132.820, or owners of surface land under which the unmined minerals lie, factual information about the owner's property derived from third-party returns filed for that owner's property, under the provisions of KRS 132.820, that is used to determine the owner's assessment. This information shall be provided to the owner on a confidential basis, and the owner shall be subject to the penalties provided in KRS 131.990(2). The third-party filer shall be given prior notice of any disclosure of information to the owner that was provided by the third-party filer;

(f) Providing to a third-party purchaser pursuant to an order entered in a foreclosure action filed in a court of competent jurisdiction, factual information related to the owner or lessee of coal, oil, gas reserves, or any other mineral resources assessed under KRS 132.820. The department may promulgate an administrative regulation establishing a fee schedule for the provision of the information described in this paragraph. Any fee imposed shall not exceed the greater of the actual cost of providing the information or ten dollars ($10);

(g) Providing information to a licensing agency, the Transportation Cabinet, or the Kentucky Supreme Court under KRS 131.1817;

(h) Statistics of gasoline and special fuels gallonage reported to the department under KRS 138.210 to 138.448;

(i) Providing any utility gross receipts license tax return information that is necessary to administer the provisions of KRS 160.613 to 160.617 to applicable school districts on a confidential basis;

(j) Providing documents, data, or other information to a third party pursuant to an order issued by a court of competent jurisdiction;

(k) Publishing administrative writings on its official website in accordance with KRS 131.020(1)(b); or

(l) Providing information to the Legislative Research Commission under:

1. KRS 139.519 for purposes of the sales and use tax refund on building materials used for disaster recovery;
2. KRS 141.436 for purposes of the energy efficiency products credits;
3. KRS 141.437 for purposes of the ENERGY STAR home and the ENERGY STAR manufactured home credits;
4. KRS 141.383 for purposes of the film industry incentives;
5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization ***credit***~~[tax credits]~~ and the job assessment fees;
6. KRS 141.068 for purposes of the Kentucky investment fund;
7. KRS 141.396 for purposes of the angel investor~~[tax]~~ credit;
8. KRS 141.389 for purposes of the distilled spirits credit;
9. KRS 141.408 for purposes of the inventory credit;
10. KRS 141.390 for purposes of the recycling and composting ***credits***~~[credit]~~;
11. KRS 141.3841 for purposes of the selling farmer~~[tax]~~ credit;
12. KRS 141.4231 for purposes of the renewable chemical production~~[tax]~~ credit;
13. KRS 141.524 for purposes of the Education Opportunity Account Program~~[tax]~~ credit;
14. KRS 141.398 for purposes of the development area~~[tax]~~ credit;
15. KRS 139.516 for~~[the]~~ purposes of the sales and use tax ***exemptions for***~~[exemption on]~~ the commercial mining of cryptocurrency;
16. KRS 141.419 for purposes of the decontamination~~[tax]~~ credit;

17. KRS 141.391 for purposes of the qualified broadband investment~~[tax]~~ credit;~~[and]~~

18. KRS 139.499 for purposes of the sales ***and use*** tax ***exemptions***~~[exemption]~~ for a qualified data center project***; and***

19. Section 26 of this Act for purposes of the sales and use tax incentive for a qualifying attraction.

(3) The commissioner shall make available any information for official use only and on a confidential basis to the proper officer, agency, board or commission of this state, any Kentucky county, any Kentucky city, any other state, or the federal government, under reciprocal agreements whereby the department shall receive similar or useful information in return.

(4) Access to and inspection of information received from the Internal Revenue Service is for department use only, and is restricted to tax administration purposes. Information received from the Internal Revenue Service shall not be made available to any other agency of state government, or any county, city, or other state, and shall not be inspected intentionally and without authorization by any present secretary or employee of the Finance and Administration Cabinet, commissioner or employee of the department, or any other person.

(5) Statistics of crude oil as reported to the department under the crude oil excise tax requirements of KRS Chapter 137 and statistics of natural gas production as reported to the department under the natural resources severance tax requirements of KRS Chapter 143A may be made public by the department by release to the Energy and Environment Cabinet, Department for Natural Resources.

(6) Notwithstanding any provision of law to the contrary, beginning with mine-map submissions for the 1989 tax year, the department may make public or divulge only those portions of mine maps submitted by taxpayers to the department pursuant to KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-out parcel areas. These electronic maps shall not be relied upon to determine actual boundaries of mined-out parcel areas. Property boundaries contained in mine maps required under KRS Chapters 350 and 352 shall not be construed to constitute land surveying or boundary surveys as defined by KRS 322.010 and any administrative regulations promulgated thereto.

➔Section 28. KRS 154.60-040 is amended to read as follows:

(1) As used in this section:

(a) ***"Actively engaged farmer" means a person who makes a significant contribution of:***

1. Land, capital, and equipment to a farming operation; and

2. Active personal labor or management to a farming operation;

(b) 1. "Agricultural assets" means:

a. Agricultural land which has been appraised by an individual certified by the Real Estate Appraisers Board created under KRS 324A.015; and

b. Buildings, facilities, machinery, equipment, agricultural products, or horticultural products, if:

i. Owned by the same ***seller***~~[selling farmer]~~ owning the agricultural land sold to ***an actively engaged farmer or***~~[a]~~ beginning farmer;

ii. Purchased at the same time and in the same transaction with the agricultural land; and

iii. Purchased with the intent to be used on the purchased agricultural land.

2. "Agricultural assets" does not mean:

a. A personal residence or any other residential structures;~~[and]~~

b. Any agricultural assets that have been previously included in an approved application for the Kentucky selling farmer tax credit; ***and***

c. Any land which has, is, or will be used in the production of solar power for personal or commercial purposes;

(c)~~[(b)]~~ "Agricultural land" means:

1. Any land located entirely in Kentucky that is zoned or permitted for farming, if the jurisdiction where the land is located has enacted an ordinance for zoning or permitting; and

2. a. Is a tract of land of at least ten (10) contiguous acres in area for a farming operation for agricultural products; or

b. Is a tract of land of at least five (5) contiguous acres in area for a farming operation for aquaculture or horticultural products;

owned by the ***seller***~~[selling farmer]~~ prior to the sale;

(d)~~[(c)]~~ "Agricultural products" means:

1. Livestock or livestock products;

2. Poultry or poultry products;

3. Milk or milk products; or

4. Field crops and other crops, including timber if approved by the authority;

(e)~~[(d)]~~ "Aquaculture" means the farming of fish, crustaceans, mollusks, aquatic plants, algae, or other similar organisms;

(f) "Beginning farmer" means an actively engaged farmer who has not previously held an ownership interest in agricultural land used for a farming operation for a period exceeding twenty (20) years prior to entering into an agreement to purchase agricultural assets from a seller;

(g) "Buyer" means an actively engaged farmer or beginning farmer who purchases agricultural assets from a seller;

(h) "Department" means the Department of Revenue organized under KRS 131.020;

(i)~~[(e)]~~"Farm product" means aquaculture, agricultural products, or horticultural products;

(j)~~[(f)]~~ 1. "Farming operation" means the management and operation of agricultural assets for the purpose of pursuing a profitable commercial business venture to produce agricultural products, horticultural products, or both for sale.

2. "Farming operation" does not mean any:

a.~~[Hobby farm, as determined by the Internal Revenue Service;~~

~~b.]~~ Nonprofit venture;

b.~~[c.]~~ Farm used primarily for storing agricultural products or horticultural products; or

c.~~[d.]~~ Farm used to grow or raise agricultural products or horticultural products primarily for use by the immediate family members or owners of the agricultural assets;

(k)~~[(g)]~~ "Horticultural products" means orchards, fruits, vegetables, nuts, flowers, or ornamental plants;~~[and]~~

(l)~~[(h)]~~ "Immediate family member" means any of the following in relation to any owner or spouse of the owner of the agricultural assets:

1. Parent or grandparent;

2. Children or their spouses; or

3. Siblings or their spouses***;***

(m) "Seller" means any individual or entity subject to the tax imposed by KRS 141.020 or 141.040 and 141.0401; and

(n) "Significant contribution" has the same meaning as in 7 C.F.R. sec. 1400.3.

(2) Any incentive offered to an eligible company under the Selling Farmer Tax Credit Program shall be negotiated by Cabinet for Economic Development officials and shall be subject to approval by the authority.

(3) The purpose of the Selling Farmer Tax Credit Program is to promote the continued use of agricultural land in Kentucky for farming purposes by granting a tax credit to a ***seller***~~[selling farmer]~~ who agrees to sell agricultural assets to ***an actively engaged farmer or*** a beginning farmer.

(4) ***A seller***~~[Selling farmers]~~ wanting to sell agricultural assets may be eligible for a tax credit up to five percent (5%) of the selling price of qualifying agricultural assets, subject to:

(a) A twenty-five thousand dollar ($25,000) cap for each taxable year of the ***seller when agricultural assets are sold to an actively engaged farmer who does not meet the definition of a beginning***~~[selling]~~ farmer;

(b) ***A fifty thousand dollar ($50,000) cap for each taxable year of the seller when agricultural assets are sold to a beginning farmer;***

(c) A one hundred thousand dollar ($100,000) lifetime cap for each ***seller*** selling ***to an actively engaged*** farmer;~~[and]~~

(d) A two hundred thousand dollar ($200,000) lifetime cap for each seller selling to a beginning farmer; and

(e)~~[(c)]~~ A proration by the authority based on the overall cap shared between the Small Business Tax Credit Program and the Selling Farmer Tax Credit Program cap of three million dollars ($3,000,000) under KRS 154.60-020.

(5) The tax credit allowed in subsection (4) of this section may be claimed under KRS 141.3841.

(6) In order to be eligible to receive approval for a tax credit, ***the seller***~~[a selling farmer]~~ shall, at a minimum:

(a) 1. a. Be registered with the Kentucky Secretary of State; and

b. Be in good standing with the Kentucky Secretary of State; or

2. If not required to be registered with the Kentucky Secretary of State, be a ***taxpayer***~~[resident]~~ of Kentucky;

(b) Prior to a sale of agricultural assets, be a small business with fifty (50) or fewer full-time employees and be the sole legal owner of agricultural assets sold to ***an actively engaged farmer or*** a beginning farmer;

(c) Not be a farm equipment dealer, livestock dealer, or similar entity primarily engaged in the business of selling agricultural assets for profit and not engaged in farming as a primary business activity;

(d) Not be a bank or any other similar lending or financial institution;

(e) Not be:

1. An owner, partner, member, shareholder, or trustee;

2. A spouse of an owner, partner, member, shareholder, or trustee; ***or***

3. An immediate family member of any of the owners, partners, members, shareholders, or trustees;

of the ***actively engaged farmer or*** beginning farmer to whom the ***seller***~~[selling farmer]~~ is seeking to sell agricultural assets;

(f) 1. Demonstrate management and operation of real and personal property for the production of a farm product;

2. Execute and effectuate a purchase contract to sell agricultural land with ***an actively engaged farmer or*** a beginning farmer for an amount evidenced by an appraisal; and

(g) Sell, convey, and transfer ownership of related agricultural assets to ***an actively engaged farmer or*** a beginning farmer.

(7) In order for the ***seller***~~[selling farmer]~~ to qualify for the tax credit, ***an actively engaged farmer or*** a beginning farmer shall, at a minimum:

(a) 1. a. Be registered with the Kentucky Secretary of State; and

b. Be in good standing with the Kentucky Secretary of State; or

2. If not required to be registered with the Kentucky Secretary of State, be a resident of Kentucky;

(b) Possess all licenses, registrations, and experience needed to legally operate a farming operation within the jurisdiction for the agricultural land purchased from a ***the seller***~~[selling farmer]~~;

(c)~~[Not previously have held an ownership interest in agricultural land used for a farming operation for a period exceeding ten (10) years prior to entering into an agreement to purchase agricultural assets from a selling farmer;~~

~~(d)]~~ Not have an ownership interest in any of the agricultural assets included in the transaction with the ***seller***~~[selling farmer]~~; and

(d)~~[(e)]~~ Provide a majority of the management, and materially participate in the operation of a for-profit farming operation located in Kentucky and purchased from a ***seller***~~[selling farmer]~~, with the intent to continue a for-profit farming operation on the purchased agricultural land for a minimum of ***ten (10)***~~[five (5)]~~ years after the sale date.

(8) The ***seller***~~[selling farmer]~~ shall submit an application~~[after consummation of the sale, transfer of title, and conveyance of agricultural assets together]~~ with all information necessary for the authority to determine eligibility for the tax credit.

(9) ***The authority may consider applications prior to the consummation of the sale, transfer of title, and conveyance of agricultural assets.***

(10) An application for the selling farmer tax credit shall contain, at a minimum, information about the:

(a) ***Seller and buyer***~~[Selling farmer and purchasing beginning farmer eligibility]~~;

(b) Purchase contract and closing statement;

(c) Documentation, such as a deed, title conveyance for the transfer of assets, including verification of Kentucky residency ***of the buyer***; and

(d) Any other information the authority may require to determine eligibility for the credit.

(11)~~[(10)]~~ For each approved application, the authority shall transmit to the department~~[of Revenue]~~ sufficient information about the ***seller***~~[selling farmer]~~ to ensure compliance with this section and KRS 141.3841, including the amount of approved tax credit allowed to the ***seller***~~[selling farmer]~~.

(12) If the buyer fails to meet the requirements of this section, the department shall assess a penalty against the buyer in an amount equal to the tax credit awarded to the seller. The department may assess an additional penalty in excess of the tax credit awarded.

(13) (a) The selling farmer tax credit shall sunset on December 31, 2031, and new applications shall not be accepted or considered on or after December 31, 2031.

(b) All outstanding applications with preliminary or final approval under this subchapter as of December 31, 2031, shall continue to be governed by the provisions of this subchapter.~~[~~

~~(11) Beginning January 1, 2020, the authority may approve selling farmer tax credits.]~~

➔Section 29. KRS 141.3841 is amended to read as follows:

(1) The selling ***farmer***~~[farmers]~~ tax credit permitted by KRS 154.60-040:

(a) Shall be nonrefundable and nontransferable; and

(b) May be claimed against the taxes imposed in KRS 141.020 or 141.040 and 141.0401, with the ordering of the credit as provided in KRS 141.0205.

(2) (a) The maximum amount of credit that may be claimed by a ***seller***~~[selling farmer]~~ in each taxable year is limited to:

1. No more than the total amount of credit approved by the Kentucky Economic Development Finance Authority;

2. Twenty-five thousand dollars ($25,000) ***cap for each taxable year of the seller when agricultural assets are sold to an actively engaged farmer who does not meet the definition of a beginning farmer;***

3. Fifty thousand dollars ($50,000) cap for each taxable year of the seller when agricultural assets are sold to a beginning farmer;

4. One hundred thousand dollars ($100,000) lifetime cap for each seller selling to an actively engaged farmer; and

5. Two hundred thousand dollars ($200,000) lifetime cap for each seller selling to a beginning farmer~~[in any taxable year; and~~

~~3. No more than one hundred thousand dollars ($100,000) total tax credit over the lifetime of the selling farmer]~~.

(b) The credit shall be first claimed on the tax return for the taxable year during which the credit was approved.

(c) Any unused credit in a taxable year may be carried forward for up to five (5) taxable years and, if not utilized within the five (5) year period, shall be lost.

(3) In order for the General Assembly to evaluate the fulfillment of the purpose stated in KRS 154.60-040, the department shall provide the following information, on a cumulative basis, for each ***seller***~~[selling farmer]~~, for each taxable year:

(a) The location, by county, of the agricultural assets sold to ***an actively engaged farmer or*** a beginning farmer and approved for a tax credit under KRS 154.60-040;

(b) The total amount of tax credit approved by the Kentucky Economic Development Finance Authority for each ***seller***~~[selling farmer]~~;

(c) The amount of tax credit claimed for each ***seller***~~[selling farmer]~~ in each taxable year; and

(d) 1. In the case of all taxpayers other than corporations, based on ranges of adjusted gross income of no larger than five thousand dollars ($5,000) for the taxable year, the total amount of tax credits claimed and the number of returns claiming a tax credit for each adjusted gross income range; and

2. In the case of all corporations, based on ranges of net income no larger than fifty thousand dollars ($50,000) for the taxable year, the total amount of tax credit claimed and the number of returns claiming a tax credit for each net income range.

(4) The report required by subsection (3) of this section shall be submitted to the Interim Joint Committee on Appropriations and Revenue beginning no later than November 1, 2021, and no later than each November 1 thereafter, as long as the credit is claimed on any return processed by the department.

➔Section 30. KRS 141.010 is amended to read as follows:

As used in this chapter, for taxable years beginning on or after January 1, 2018:

(1) "Adjusted gross income," in the case of taxpayers other than corporations, means the amount calculated in KRS 141.019;

(2) "Captive real estate investment trust" means a real estate investment trust as defined in Section 856 of the Internal Revenue Code that meets the following requirements:

(a) 1. The shares or other ownership interests of the real estate investment trust are not regularly traded on an established securities market; or

2. The real estate investment trust does not have enough shareholders or owners to be required to register with the Securities and Exchange Commission;

(b) 1. The maximum amount of stock or other ownership interest that is owned or constructively owned by a corporation equals or exceeds:

a. Twenty-five percent (25%), if the corporation does not occupy property owned, constructively owned, or controlled by the real estate investment trust; or

b. Ten percent (10%), if the corporation occupies property owned, constructively owned, or controlled by the real estate investment trust.

The total ownership interest of a corporation shall be determined by aggregating all interests owned or constructively owned by a corporation; and

2. For the purposes of this paragraph:

a. "Corporation" means a corporation taxable under KRS 141.040, and includes an affiliated group as defined in KRS 141.200, that is required to file a consolidated return pursuant to KRS 141.200; and

b. "Owned or constructively owned" means owning shares or having an ownership interest in the real estate investment trust, or owning an interest in an entity that owns shares or has an ownership interest in the real estate investment trust. Constructive ownership shall be determined by looking across multiple layers of a multilayer pass-through structure; and

(c) The real estate investment trust is not owned by another real estate investment trust;

(3) "Commissioner" means the commissioner of the department;

(4) "Corporation" has the same meaning as in Section 7701(a)(3) of the Internal Revenue Code;

(5) "Critical infrastructure" means property and equipment owned or used by communications networks, electric generation, transmission or distribution systems, gas distribution systems, or water or wastewater pipelines that service multiple customers or citizens, including but not limited to real and personal property such as buildings, offices, lines, poles, pipes, structures, or equipment;

(6) "Declared state disaster or emergency" means a disaster or emergency event for which:

(a) The Governor has declared a state of emergency pursuant to KRS 39A.100; or

(b) A presidential declaration of a federal major disaster or emergency has been issued;

(7) "Department" means the Department of Revenue;

(8) "Dependent" means those persons defined as dependents in the Internal Revenue Code;

(9) "Disaster or emergency-related work" means repairing, renovating, installing, building, or rendering services that are essential to the restoration of critical infrastructure that has been damaged, impaired, or destroyed by a declared state disaster or emergency;

(10) "Disaster response business" means any entity:

(a) That has no presence in the state and conducts no business in the state, except for disaster or emergency-related work during a disaster response period;

(b) Whose services are requested by a registered business or by a state or local government for purposes of performing disaster or emergency-related work in the state during a disaster response period; and

(c) That has no registrations, tax filings, or nexus in this state other than disaster or emergency-related work during the calendar year immediately preceding the declared state disaster or emergency;

(11) "Disaster response employee" means an employee who does not work or reside in the state, except for disaster or emergency-related work during the disaster response period;

(12) "Disaster response period" means a period that begins ten (10) days prior to the first day of the Governor's declaration under KRS 39A.100, or the President's declaration of a federal major disaster or emergency, whichever occurs first, and that extends thirty (30) calendar days after the declared state disaster or emergency;

(13) "Doing business in this state" includes but is not limited to:

(a) Being organized under the laws of this state;

(b) Having a commercial domicile in this state;

(c) Owning or leasing property in this state;

(d) Having one (1) or more individuals performing services in this state;

(e) Maintaining an interest in a pass-through entity doing business in this state;

(f) Deriving income from or attributable to sources within this state, including deriving income directly or indirectly from a trust doing business in this state, or deriving income directly or indirectly from a single-member limited liability company that is doing business in this state and is disregarded as an entity separate from its single member for federal income tax purposes; or

(g) Directing activities at Kentucky customers for the purpose of selling them goods or services.

Nothing in this subsection shall be interpreted in a manner that goes beyond the limitations imposed and protections provided by the United States Constitution or Pub. L. No. 86-272;

(14) "Employee" has the same meaning as in Section 3401(c) of the Internal Revenue Code;

(15) "Employer" has the same meaning as in Section 3401(d) of the Internal Revenue Code;

(16) "Fiduciary" has the same meaning as in Section 7701(a)(6) of the Internal Revenue Code;

(17) "Financial institution" means:

(a) A national bank organized as a body corporate and existing or in the process of organizing as a national bank association pursuant to the provisions of the National Bank Act, 12 U.S.C. secs. 21 et seq., in effect on December 31, 1997, exclusive of any amendments made subsequent to that date;

(b) Any bank or trust company incorporated or organized under the laws of any state, except a banker's bank organized under KRS 286.3-135;

(c) Any corporation organized under the provisions of 12 U.S.C. secs. 611 to 631, in effect on December 31, 1997, exclusive of any amendments made subsequent to that date, or any corporation organized after December 31, 1997, that meets the requirements of 12 U.S.C. secs. 611 to 631, in effect on December 31, 1997; or

(d) Any agency or branch of a foreign depository as defined in 12 U.S.C. sec. 3101, in effect on December 31, 1997, exclusive of any amendments made subsequent to that date, or any agency or branch of a foreign depository established after December 31, 1997, that meets the requirements of 12 U.S.C. sec. 3101 in effect on December 31, 1997;

(18) "Fiscal year" has the same meaning as in Section 7701(a)(24) of the Internal Revenue Code;

(19) "Gross income":

(a) In the case of taxpayers other than corporations, has the same meaning as in Section 61 of the Internal Revenue Code; and

(b) In the case of corporations, means the amount calculated in KRS 141.039;

(20) "Individual" means a natural person;

(21) "Internal Revenue Code" means for taxable years beginning on or after January 1, ***2025*** ~~[2024]~~, the Internal Revenue Code in effect on December 31, ***2024*** ~~[2023]~~, exclusive of any amendments made subsequent to that date, other than amendments that extend provisions in effect on December 31, ***2024*** ~~[2023]~~, that would otherwise terminate;

(22) "Limited liability pass-through entity" means any pass-through entity that affords any of its partners, members, shareholders, or owners, through function of the laws of this state or laws recognized by this state, protection from general liability for actions of the entity;

(23) "Modified gross income" means the greater of:

(a) Adjusted gross income as defined in 26 U.S.C. sec. 62, including any amendments in effect on December 31 of the taxable year, and adjusted as follows:

1. Include interest income derived from obligations of sister states and political subdivisions thereof; and

2. Include lump-sum pension distributions taxed under the special transition rules of Pub. L. No. 104-188, sec. 1401(c)(2); or

(b) Adjusted gross income as defined in subsection (1) of this section and adjusted to include lump-sum pension distributions taxed under the special transition rules of Pub. L. No. 104-188, sec. 1401(c)(2);

(24) "Net income":

(a) In the case of taxpayers other than corporations, means the amount calculated in KRS 141.019; and

(b) In the case of corporations, means the amount calculated in KRS 141.039;

(25) "Nonresident" means any individual not a resident of this state;

(26) "Number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under KRS 141.325, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero;

(27) "Part-year resident" means any individual that has established or abandoned Kentucky residency during the calendar year;

(28) "Pass-through entity" means any partnership, S corporation, limited liability company, limited liability partnership, limited partnership, or similar entity recognized by the laws of this state that is not taxed for federal purposes at the entity level, but instead passes to each partner, member, shareholder, or owner their proportionate share of income, deductions, gains, losses, credits, and any other similar attributes;

(29) "Payroll period" has the same meaning as in Section 3401(b) of the Internal Revenue Code;

(30) "Person" has the same meaning as in Section 7701(a)(1) of the Internal Revenue Code;

(31) "Registered business" means a business entity that owns or otherwise possesses critical infrastructure and that is registered to do business in the state prior to the declared state disaster or emergency;

(32) "Resident" means an individual domiciled within this state or an individual who is not domiciled in this state, but maintains a place of abode in this state and spends in the aggregate more than one hundred eighty-three (183) days of the taxable year in this state;

(33) "S corporation" has the same meaning as in Section 1361(a) of the Internal Revenue Code;

(34) "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States;

(35) "Taxable net income":

(a) In the case of corporations that are taxable in this state, means "net income" as defined in subsection (24) of this section;

(b) In the case of corporations that are taxable in this state and taxable in another state, means "net income" as defined in subsection (24) of this section and as allocated and apportioned under KRS 141.120;

(c) For homeowners' associations as defined in Section 528(c) of the Internal Revenue Code, means "taxable income" as defined in Section 528(d) of the Internal Revenue Code. Notwithstanding the provisions of subsection (21) of this section, the Internal Revenue Code sections referred to in this paragraph shall be those code sections in effect for the applicable tax year; and

(d) For a corporation that meets the requirements established under Section 856 of the Internal Revenue Code to be a real estate investment trust, means "real estate investment trust taxable income" as defined in Section 857(b)(2) of the Internal Revenue Code, except that a captive real estate investment trust shall not be allowed any deduction for dividends paid;

(36) "Taxable year" means the calendar year or fiscal year ending during such calendar year, upon the basis of which net income is computed, and in the case of a return made for a fractional part of a year under the provisions of this chapter or under administrative regulations prescribed by the commissioner, "taxable year" means the period for which the return is made; and

(37) "Wages" has the same meaning as in Section 3401(a) of the Internal Revenue Code and includes other income subject to withholding as provided in Section 3401(f) and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code.

➔Section 31. KRS 243.027 is amended to read as follows:

(1) KRS 243.027 to 243.029 shall supersede any conflicting statute in KRS Chapters 241 to 244.

(2) A direct shipper ***Type A*** license shall authorize the holder to ship alcoholic beverages to consumers. ***A direct shipper Type B license shall authorize the holder to ship cannabis-infused beverages to consumers.*** The department shall issue a direct shipper license to a successful applicant that:

(a) Pays ***the applicable***~~[an]~~ annual license fee~~[of one hundred dollars ($100)]~~;

(b) Is a manufacturer located in this state or any other state***, a cannabis-infused beverage manufacturer licensed by the Department for Public Health,*** or an alcoholic beverage supplier licensed under KRS 243.212 or 243.215; and

(c) Holds a current license, permit, or other authorization to manufacture or supply alcoholic beverages ***or cannabis-infused beverages*** in the state where the applicant is located. If an applicant is located outside of Kentucky, proof of its current license, permit, or other authorization as issued by its home state shall be sufficient proof of its eligibility to hold a direct shipper license in Kentucky.

(3) (a) A manufacturer applicant shall only be authorized to ship~~[alcoholic]~~ beverages that are sold under a brand name owned or exclusively licensed to the manufacturer, provided the~~[alcoholic]~~ beverages were:

1. Produced by the manufacturer;

2. Produced for the manufacturer under a written contract with another manufacturer; or

3. Bottled ***or canned*** for or by the manufacturer.

(b) An applicant licensed under KRS 243.212 or 243.215 shall only be authorized to ship alcoholic beverages ***or cannabis-infused beverages*** for which it is the primary source of supply.

(4) The department shall establish the form for a direct shipper license application through the promulgation of an administrative regulation. These requirements shall include only the following:

(a) The address of the manufacturer or supplier; and

(b) If the applicant is located outside this state, a copy of the applicant's current license, permit, or other authorization to manufacture, store, or supply alcoholic beverages ***or cannabis-infused beverages*** in the state where the applicant is located.

(5) For purposes of this section, the holder of a direct shipper license may utilize the services of a third party to fulfill shipments, subject to the following:

(a) The third party shall not be required to hold any alcoholic beverage license ***or cannabis-infused beverage license***, but no licensed entity shall serve as a third party to fulfill shipments other than the holder of a storage license or transporter's license;

(b) The third party may operate from the premises of the direct shipper licensee or from another business location; and

(c) The direct shipper licensee shall be liable for any violation of KRS 242.250, 242.260, 242.270, or 244.080 that may occur by the third party.

(6) A direct shipper licensee shall:

(a) Agree that the Secretary of State shall serve as its registered agent for service of process. The licensee shall agree that legal service on the agent constitutes legal service on the direct shipper licensee;

(b) Maintain the records required under KRS 243.027 to 243.029 and provide the department and the Department of Revenue access to or copies of these records;

(c) Allow the department or the Department of Revenue to perform an audit of the direct shipper licensee's records or an inspection of the direct shipper licensee's licensed premises upon request. If an audit or inspection reveals a violation, the department or the Department of Revenue may recover reasonable expenses from the licensee for the cost of the audit or inspection;

(d) Register with the Department of Revenue, and file all reports and pay all taxes required under KRS 243.027 to 243.029; and

(e) Submit to the jurisdiction of the Commonwealth of Kentucky for any violation of KRS 242.250, 242.260, 242.270, or 244.080 or for nonpayment of any taxes owed.

(7) (a) Each direct shipper licensee shall submit to the department and the Department of Revenue a quarterly report for that direct shipper license showing:

1. The total amount of~~[alcoholic]~~ beverages shipped into the state per consumer;

2. The name and address of each consumer;

3. The purchase price of the~~[alcoholic]~~ beverages shipped and the amount of taxes charged to the consumer for the~~[alcoholic]~~ beverages shipped; and

4. The name and address of each common carrier.

(b) The Department of Revenue shall create a form through the promulgation of an administrative regulation for reporting under paragraph (a) of this subsection.

(c) The department shall provide a list of all active direct shipper licensees to licensed common carriers on a quarterly basis to reduce the number of unlicensed shipments in the Commonwealth.

(8) A direct shipper licensee shall submit a current copy of its alcoholic beverage license ***or cannabis-infused beverage license*** from its home state along with the ***applicable***~~[one hundred dollar ($100)]~~ license fee every year upon renewal of its direct shipper license.

(9) Notwithstanding any provision of this section to the contrary, a manufacturer located and licensed in Kentucky may ship by a common carrier holding a Kentucky transporter's license samples of alcoholic beverages produced by the manufacturer in quantities not to exceed one (1) liter, per any recipient, of any individual product in one (1) calendar year of distilled spirits or wine, or ninety-six (96) ounces, per any recipient, of any individual product in one (1) calendar year of malt beverages, to any of the following:

(a) Marketing or media representatives twenty-one (21) years of age or older;

(b) Distilled spirits, wine, or malt beverage competitions or contests;

(c) Wholesalers or distributors located outside of Kentucky;

(d) Federal, state, or other regulatory testing labs;

(e) Third-party product formulation and development partners; and

(f) Persons or entities engaged in a private selection event pursuant to KRS 243.0305.

Such samples shall be marked by affixing across the product label, a not readily removed disclaimer with the words "Sample-Not for Sale" and the name of the manufacturer.

➔Section 32. KRS 243.030 is amended to read as follows:

The following licenses that authorize traffic in distilled spirits and wine ***and in cannabis-infused beverages*** may be issued by the distilled spirits administrator. Licenses that authorize traffic in all alcoholic beverages may be issued by both the distilled spirits administrator and malt beverages administrator. The licenses and their accompanying fees are as follows:

(1) Distiller's license:

(a) Class A, per annum $3,090.00

(b) Class B (craft distillery), per annum $1,000.00

(c) Off-premises retail sales outlet, per annum $300.00

(2) Rectifier's license:

(a) Class A, per annum $2,580.00

(b) Class B (craft rectifier), per annum $825.00

(3) Winery license, per annum $1,030.00

(4) Small farm winery license, per annum $110.00

(a) Small farm winery off-premises retail license, per annum $30.00

(5) Wholesaler's license, per annum $2,060.00

(6) Quota retail package license, per annum $570.00

(7) Quota retail drink license, per annum $620.00

(8) Transporter's license, per annum $210.00

(9) Special nonbeverage alcohol license, per annum $60.00

(10) Special agent's or solicitor's license, per annum $30.00

(11) Bottling house or bottling house storage license, per annum $1,030.00

(12) Special temporary license, per event $100.00

(13) Special Sunday retail drink license, per annum $520.00

(14) Caterer's license, per annum $830.00

(15) Special temporary alcoholic beverage auction license, per event $100.00

(16) Extended hours supplemental license, per annum $2,060.00

(17) Hotel in-room license, per annum $210.00

(18) Air transporter license, per annum $520.00

(19) Sampling license, per annum $110.00

(20) Replacement or duplicate license $25.00

(21) Entertainment destination center license:

(a) When the licensee is a city, county, urban-county government, consolidated local government, charter county government, or unified local government, per annum $2,577.00

(b) All other licensees, per annum $7,730.00

(22) Limited restaurant license, per annum $780.00

(23) Limited golf course license, per annum $720.00

(24) Small farm winery wholesaler's license, per annum $110.00

(25) Qualified historic site license, per annum $1,030.00

(26) Nonquota type 1 license, per annum $4,120.00

(27) Nonquota type 2 license, per annum $830.00

(28) Nonquota type 3 license, per annum $310.00

(29) Distilled spirits and wine storage license, per annum $620.00

(30) Out-of-state distilled spirits and wine supplier's license, per annum $1, 550.00

(31) Limited out-of-state distilled spirits and wine supplier's license, per annum $260.00

(32) Authorized public consumption license, per annum $250.00

(33) Direct shipper ***Type A*** license, per annum $100.00

(34) Limited nonquota package license, per annum $300.00

(35) Vintage distilled spirits license, per annum $300.00

(36) ***Cannabis-infused beverage retail package license, per annum $2,000.00***

(37) Cannabis-infused beverage distributor's license, per annum $1,000.00

(38) Cannabis-infused beverage distributor's license, supplemental, per annum $1,000.00

(39) Direct shipper Type B license, per annum $1,000.00

(40) A nonrefundable fee of sixty dollars ($60) shall be charged to process each new transitional license pursuant to KRS 243.045.

(41) ~~[(37)]~~ Other special licenses the board finds necessary for the proper regulation and control of the traffic in distilled spirits and wine and provides for by administrative regulation. In establishing the amount of license taxes that are required to be fixed by the board, it shall have regard for the value of the privilege granted.

(42) ~~[(38)]~~ The fee for each of the first five (5) supplemental bar licenses shall be the same as the fee for the primary retail drink license. There shall be no charge for each supplemental license issued in excess of five (5) to the same licensee at the same premises.

A nonrefundable application fee of fifty dollars ($50) shall be charged to process each new application under this section, except for subsections (4), (8), (9), (10), (12), (15), (19), and (20) of this section. The application fee shall be applied to the licensing fee if the license is issued; otherwise it shall be retained by the department.

➔Section 33. KRS 243.040 is amended to read as follows:

The following kinds of malt beverage licenses may be issued by the malt beverages administrator, the fees for which shall be:

(1) Brewer's license, per annum $2,580.00

(2) Microbrewery license, per annum $520.00

(3) Distributor's license, per annum $520.00

(4) Nonquota retail malt beverage package license, per annum $210.00

(5) Out-of-state malt beverage supplier's license,

per annum $1,550.00

(6) Malt beverage storage license, per annum $260.00

(7) Replacement or duplicate license, per annum $25.00

(8) Limited out-of-state malt beverage supplier's license,

per annum $260.00

(9) Nonquota type 4 malt beverage drink license,

per annum $210.00

(10) Direct shipper ***Type A*** license, per annum $100.00

(11) The holder of a nonquota retail malt beverage package license may obtain a Nonquota type 4 malt beverage drink license for a fee of fifty dollars ($50). The holder of a Nonquota type 4 malt beverage drink license may obtain a nonquota retail malt beverage package license for a fee of fifty dollars ($50).

(12) A nonrefundable fee of sixty dollars ($60) shall be charged to process each new transitional license pursuant to KRS 243.045.

(13) Other special licenses as the state board finds to be necessary for the administration of KRS Chapters 241 to 244 and for the proper regulation and control of the trafficking in malt beverages, as provided for by administrative regulations promulgated by the state board.

A nonrefundable application fee of fifty dollars ($50) shall be charged to process each new application for a license under this section. The application fee shall be applied to the licensing fee if the license is issued, or otherwise the fee shall be retained by the department.

➔Section 34. KRS 154.20-220 is amended to read as follows:

As used in KRS 154.20-220 to 154.20-229:

(1) "Affiliate" means the following:

(a) Members of a family, including only brothers and sisters of the whole or half blood, spouse, ancestors, and lineal descendants of an individual;

(b) An individual, and a corporation more than fifty percent (50%) in value of the outstanding stock of which is owned, directly or indirectly, by or for that individual;

(c) An individual, and a limited liability company of which more than fifty percent (50%) of the capital interest or profits are owned or controlled, directly or indirectly, by or for that individual;

(d) Two (2) corporations which are members of the same controlled group, which includes and is limited to:

1. One (1) or more chains of corporations connected through stock ownership with a common parent corporation if:

a. Stock possessing more than fifty percent (50%) of the total combined voting power of all classes of stock entitled to vote or more than fifty percent (50%) of the total value of shares of all classes of stock of each of the corporations, except the common parent corporation, is owned by one (1) or more of the other corporations; and

b. The common parent corporation owns stock possessing more than fifty percent (50%) of the total combined voting power of all classes of stock entitled to vote or more than fifty percent (50%) of the total value of shares of all classes of stock of at least one (1) of the other corporations, excluding, in computing the voting power or value, stock owned directly by the other corporations; or

2. Two (2) or more corporations if five (5) or fewer persons who are individuals, estates, or trusts own stock possessing more than fifty percent (50%) of the total combined voting power of all classes of stock entitled to vote or more than fifty percent (50%) of the total value of shares of all classes of stock of each corporation, taking into account the stock ownership of each person only to the extent the stock ownership is identical with respect to each corporation;

(e) A grantor and a fiduciary of any trust;

(f) A fiduciary of a trust and a fiduciary of another trust, if the same person is a grantor of both trusts;

(g) A fiduciary of a trust and a beneficiary of that trust;

(h) A fiduciary of a trust and a beneficiary of another trust, if the same person is a grantor of both trusts;

(i) A fiduciary of a trust and a corporation more than fifty percent (50%) in value of the outstanding stock of which is owned, directly or indirectly, by or for the trust or by or for a person who is a grantor of the trust;

(j) A fiduciary of a trust and a limited liability company more than fifty percent (50%) of the capital interest, or the interest in profits, of which is owned directly or indirectly, by or for the trust or by or for a person who is a grantor of the trust;

(k) A corporation, a partnership, or a limited partnership if the same persons own:

1. More than fifty percent (50%) in value of the outstanding stock of the corporation; and

2. More than fifty percent (50%) of the capital interest, or the profits interest, in the partnership or limited partnership;

(l) A corporation and a limited liability company if the same persons own:

1. More than fifty percent (50%) in value of the outstanding stock of the corporation; and

2. More than fifty percent (50%) of the capital interest or the profits in the limited liability company;

(m) A partnership or limited partnership and a limited liability company if the same persons own:

1. More than fifty percent (50%) of the capital interest or profits in the partnership or limited partnership; and

2. More than fifty percent (50%) of the capital interest or the profits in the limited liability company; and

(n) Two (2) or more limited liability companies, if the same persons own more than fifty percent (50%) of the capital interest or are entitled to more than fifty percent (50%) of the capital profits in the limited liability companies;

(2) "Approved company" means an eligible company that has received final approval from the authority;

(3) "Authority" means the Kentucky Economic Development Finance Authority established by KRS 154.20-010;

(4) "Colocation tenant" means an entity that contracts with the owner or operator for space within a qualified data center project;

(5) "Commonwealth" means the Commonwealth of Kentucky;

(6) "Data center equipment":

(a) Means computer equipment and software for the processing, storage, retrieval, or communication of data, used directly and exclusively in a qualified data center project, including but not limited to:

1. a. Servers;

b. Routers;

c. Connections;

d. Monitoring and security systems for the data center equipment;

e. Fiber optic cabling and network equipment leading to and from the data center project; and

f. Other enabling machinery, equipment, and hardware;

regardless of whether the property is affixed to or incorporated into real property;

2. Equipment used in the operation of computer equipment or software or for the benefit of the data center project, including component parts, installations, refreshments, replacements, and upgrades, regardless of whether the property is affixed to or incorporated into real property;

3. All equipment necessary for the transformation, generation, distribution, or management of electricity that is required to operate computer server equipment, including substations, generators, uninterruptible energy equipment, supplies, conduit, fuel piping and storage, cabling, duct banks, switches, switchboards, batteries, testing equipment, and backup generators;

4. All equipment necessary to cool and maintain a controlled environment for the operation of the computer servers and other components of the data center project, including chillers, mechanical equipment, refrigerant piping, fuel piping and storage, adiabatic and free cooling systems, cooling towers, water softeners, air handling units, indoor direct exchange units, fans, ducting, and filters;

5. All water conservation systems for the equipment, including facilities or mechanisms that are designed to collect, conserve, and reuse water;

6. All computer server equipment, chassis, networking equipment, switches, racks, fiber optic and copper cabling, trays, and conduit;

7. All monitoring equipment and security systems for the data center project, including security system monitoring services;

8. All software and prewritten computer software access services;

9. Extended warranty services with respect to data center equipment; and

10. Any other tangible personal property that is essential to the operations of the qualified data center project, excluding:

a. Electricity used by a qualified data center project; and

b. Property used for administrative purposes at the data center project, including office equipment; and

(b) Does not include:

1. Construction equipment; or

2. Building and construction materials permanently incorporated as an improvement to real property;

(7) "Department" means the Department of Revenue;

(8) "Eligible company":

(a) Means any corporation, limited liability company, partnership. limited partnership, sole proprietorship, business trust, or any other entity with a qualified data center project; and

(b) Includes an operator, an owner, a project organizer, and a colocation tenant;

(9) "Eligible costs" means expenditures made by the preliminarily approved company or approved company after preliminary approval for the purchase, installation, repair, and replacement of data center equipment for the qualified data center project;

(10) "Final approval" means the action taken by the authority to verify that, on or before the fifth anniversary of the preliminary approval, the minimum capital investment has been made, with respect to the data center project;

(11) "Memorandum of agreement" means the agreement between the eligible company and the authority executed under KRS 154.20-229;

(12) "Operator":

(a) Means any entity, other than an owner, a project organizer, or a colocation tenant:

1. Operating a qualified data center project pursuant to a lease or other contract with the owner; and

2. Responsible for the control, oversight, or maintenance of a data center project; and

(b) Includes:

1. An affiliate of an operator;

2. A licensed property management company;

3. A property lessor; or

4. Any other individual or entity responsible for the control, oversight, or maintenance of a data center project;

(13) "Owner" means an entity, other than a project organizer, holding fee title to a data center project and includes an affiliate of an owner;

(14) "Preliminary approval" means the action taken by the authority to enter into a memorandum of agreement with an eligible company;

(15) "Project organizer" means an entity that:

(a) Solely provides qualified data center infrastructure for a qualified data center project; and

(b) Will enter into or has entered into a separate agreement with another entity for the purchase, use, or operation of the qualified data center infrastructure;

(16) "Qualified data center infrastructure" means providing site development and organization for a qualified data center project, including but not limited to:

(a) An uninterruptible power supply, including electrical substations and backup generators for safety against power disruptions;

(b) Availability of water and natural gas service, including any necessary infrastructure; and

(c) Multiple layers of security, including:

1. Physical security at the data center project, including fencing, entry control and monitoring, or security guards;

2. Infrastructure monitoring, including monitoring for water, power, telecommunications, and internet connectivity; and

3. Environmental control measures, including sensors or responsive equipment for detecting fire, flood, or other natural disasters;

(17) "Qualified data center project":

(a) Means:

1. Providing qualified data center infrastructure;

2. Acquiring, leasing, rehabilitating, expanding, or constructing one (1) or more buildings that:

a. House a group of networked server computers in order to centralize the storage, management, and dissemination of data and information for a single project; and

b. Contain:

i. Dedicated cooling equipment for the computing machines and related infrastructure;

ii. Extra capacity for data redundancy, including the ability to maintain or replace equipment without a system shutdown; and

iii. Physically isolated systems to avoid disruption from both planned and unplanned

events; or

3. Any combination of the activities described in subparagraphs 1. and 2. of this paragraph;

(b) Has the following minimum capital investment on or before the fifth anniversary of the preliminary approval:

1. For an owner, operator, or colocation tenant, at least***:***

a. Four hundred fifty million dollars ($450,000,000) ***if located in a county having a population equal to or greater than one hundred thousand (100,000)***;

b. One hundred million dollars ($100,000,000) if located in a county having a population greater than fifty thousand (50,000) but less than one hundred thousand (100,000); or

c. Twenty-five million dollar ($25,000,000) if located in a county having a population of not more than fifty thousand (50,000);

determined using the county's population estimate from the most recently available five (5) year American Community Survey as published by the United States Census Bureau at the time of application by the eligible company; or

2. For a project organizer, at least one hundred fifty million dollars ($150,000,000);

(c)~~[Is located within a consolidated local government having a population equal to or greater than five hundred thousand (500,000), determined using the county's population estimate from the most recently available five (5) year American Community Survey as published by the United States Census Bureau at the time of application by the eligible company;~~

~~(d)]~~ Does not include any data center project that:

1. Will result in the replacement of data centers existing in the Commonwealth;

2. Applies for or accepts any other economic development incentives under KRS Chapter 154; or

3. Benefits from the sales and use tax exemption for the sale or purchase of electricity used in commercial mining of cryptocurrency; and

(18) "Term" means the period of time for which a memorandum of agreement may be in effect, which shall not exceed:

(a) Fifteen (15) years for a qualified data center project of a project organizer; and

(b) For any other qualified data center project:

1. Fifty (50) years for a data center project having a capital investment equal to or greater than four hundred fifty million dollars ($450,000,000); or

2. Twenty-five (25) years for a data center project having a capital investment less than four hundred fifty million dollars ($450,000,000).

➔Section 35. 2025 RS HB 566/EN, Section 3, is amended to read as follows:

(1) There is hereby created and established the Kentucky Horse Racing and Gaming Corporation to regulate all forms of live horse racing, pari-mutuel wagering, sports wagering, breed integrity and development, and on and after July 1, 2025, charitable gaming, in the Commonwealth, exclusive of the state lottery established under KRS Chapter 154A. It shall be an independent, de jure municipal corporation and political subdivision of the Commonwealth of Kentucky which shall be a public body corporate and politic. The corporation shall be deemed a public agency within the meaning of KRS 61.805 and 61.870. The corporation shall be managed in such a manner that enables the people of the Commonwealth to benefit from its actions and to enjoy the best possible racing and gaming experiences. The General Assembly hereby recognizes that the operations of racing and gaming are unique activities for state government and that a corporate structure will best enable racing and gaming to be managed in a businesslike manner. It is the intent of the General Assembly that the Kentucky Horse Racing and Gaming Corporation shall be accountable to the Governor, the General Assembly, and the people of the Commonwealth.

(2) (a) 1. The Auditor of Public Accounts shall perform an audit of the corporation once every four (4) years, a copy of which shall be sent to the Governor and the Legislative Research Commission.

2. A different auditing entity that is qualified to evaluate municipal corporations shall conduct an annual audit of the corporation once each year in every year when the Auditor of Public Accounts does not perform an audit. A copy of this audit shall be sent to the Governor and Legislative Research Commission.

3. This first audit conducted under this subsection shall cover fiscal year ***2024-2025***~~[2026-2027]~~.

(b) The corporation shall submit a written annual report to the Governor and the Legislative Research Commission on or before July 1 of each year. The first report shall be due July 1, 2025. The corporation shall file any additional reports requested by the Governor or the Legislative Research Commission. The annual report shall include the following information:

1. The receipts and disbursements of the corporation; and

2. Actions taken by the corporation.

(c) The corporation may submit any additional information and recommendations that the corporation considers useful or that the Governor or the Legislative Research Commission requests.

(3) The Kentucky Horse Racing and Gaming Corporation shall be administered by a board of directors to regulate the conduct of:

(a) Live horse racing;

(b) Pari-mutuel wagering;

(c) Sports wagering;

(d) Charitable gaming on and after July 1, 2025;

(e) Breed integrity and development; and

(f) Related activities within the Commonwealth of Kentucky.

(4) (a) The corporation shall establish and maintain a general office for the transaction of its business and may, in its discretion, establish a branch office or offices.

(b) The corporation may hold meetings at any of its offices or at any other place at its convenience.

(c) A majority of the voting members of the corporation shall constitute a quorum for the transaction of its business or exercise of any of its powers.

(5) Except as otherwise provided, the corporation shall be responsible for the following:

(a) Developing and implementing programs designed to ensure the safety and well-being of horses, jockeys, and drivers;

(b) Developing programs and procedures that will fulfill its oversight and regulatory role on such matters as medical practices and integrity issues;

(c) Recommending tax incentives and implementing incentive programs to ensure the strength and growth of the equine industry;

(d) Designing and implementing programs that strengthen the ties between Kentucky's horse industry and the state's universities, with the goal of significantly increasing the economic impact of the horse industry on Kentucky's economy, improving research for the purpose of promoting the enhanced health and welfare of the horse, and other related industry issues;

(e) Developing and supporting programs which ensure that Kentucky remains in the forefront of equine research;

(f) Designing and implementing programs that support and ensure breed integrity and development;

(g) Developing monitoring programs to ensure the highest integrity of sporting events and sports wagering;

(h) Developing a program to share wagering information with sports governing bodies upon which sports wagering may be conducted. The program shall be designed to assist the corporation in determining potential problems or questionable activity and provide reports to sports governing bodies effectively;

(i) Developing programs and procedures that will fulfill its oversight and regulatory role to ensure the highest integrity in charitable gaming;

(j) Developing programs and procedures that will provide oversight and regulation for all current forms of gaming and wagering;

(k) Annually evaluating the allocation and use of funds among the purposes listed in Section 10 of this Act from unredeemed pari-mutuel vouchers; and

(l) Ensuring that the correct responsibilities are assigned to each of its offices as established in KRS 230.232.

(6) (a) The corporation shall conduct all procurements in accordance with procedures which are not inconsistent with the provisions of KRS Chapter 45A and this chapter; provided, however, that this chapter shall control if and to the extent that any provision in this chapter is expressly inconsistent with any provision of KRS Chapter 45A.

(b) The corporation may promulgate administrative regulations establishing its procurement procedures. If the corporation elects to promulgate administrative regulations establishing its procurement procedures rather than conduct procurements in accordance with KRS Chapter 45A, the corporation may include sections of KRS Chapter 45A as part of its administrative regulations.

(c) Major procurements for personal service contracts shall not be subject to the requirements of KRS 45A.695(2)(b) due to the unique operational activities conducted for state government by the corporation. The corporation's procurement procedures or administrative regulations shall be designed to provide for the purchase of supplies, equipment, services, and construction items that provide the greatest long-term benefit to the state and the greatest integrity for the corporation and the public.

(d) In its bidding and negotiation processes, the corporation may do its own bidding and procurement, or may utilize the services of the Finance and Administration Cabinet, or a combination thereof. The president of the corporation may, in lieu of the secretary of the Finance and Administration Cabinet, declare an emergency for purchasing purposes.

(7) Corporation records shall be open and subject to public inspection in accordance with KRS 61.870 to 61.884 unless:

(a) A record is exempted from inspection under KRS 61.878;

(b) A record involves a trade secret or other legally protected intellectual property or confidential proprietary information of the corporation or of an applicant, licensee, individual, or entity having submitted information of such character to the corporation, in which case, the portion of the record relating to these subjects may be closed; or

(c) The disclosure of the record could impair or adversely affect the operational security of the corporation in the regulation of matters within its jurisdiction or could impair or adversely impact the operational security of applicants or licensees.

(8) Meetings of the corporation through its board of directors shall be open to the public in accordance with KRS 61.800 to 61.850 unless the exceptions set forth in KRS 61.810 apply or the meeting addresses trade secrets, confidential or proprietary information, or operational security issues as described in subsection (7)(c) of this section. If this is the case, the corporation may meet in closed session and shall follow the procedures set forth in KRS 61.815.

(9) The corporation may participate in all state agency price contracts to the same extent as agencies of the Commonwealth in accordance with KRS 45A.050(3).

(10) (a) The corporation is hereby authorized to accept and expend such moneys as may be appropriated by the General Assembly or such moneys as may be received from any source for effectuating its purposes, including without limitation the payment of the initial expenses of administration and operation of the corporation.

(b) After the transfer to the corporation of any funds appropriated in fiscal year 2024-2025 and fiscal year 2025-2026 for the administration of this chapter and KRS Chapter 238, the corporation shall be self-sustaining and self-funded and moneys in the state general fund shall not be used or obligated to pay the expenses of the corporation.

(11) On July 1, 2024:

(a) The Kentucky Horse Racing and Gaming Corporation shall assume all responsibilities of the Kentucky Horse Racing Commission;

(b) The Kentucky Horse Racing Commission shall be abolished and all employees of the Kentucky Horse Racing Commission are transferred to the corporation; and

(c) All personnel, equipment, and funding shall be transferred from the Kentucky Horse Racing Commission to the Kentucky Horse Racing and Gaming Corporation.

(12) On July 1, 2025:

(a) The office regulating charitable gaming in the Kentucky Horse Racing and Gaming Corporation shall assume all responsibilities of the Department of Charitable Gaming;

(b) The Department of Charitable Gaming shall be abolished and all employees of the Department of Charitable Gaming are transferred to the corporation; and

(c) All personnel, equipment, and funding shall be transferred from the Department of Charitable Gaming to the Kentucky Horse Racing and Gaming Corporation.

(13) Notwithstanding any other law to the contrary, nothing in this chapter or KRS Chapter 238 shall authorize the corporation to:

(a) Regulate or control horse sales;

(b) Require the licensure of horse breeders in their capacity as breeders;

(c) Prohibit or restrict any approved, either by statute or administrative regulation, game or charitable gaming activity in use in the Commonwealth as of July 1, 2025, without action by the Kentucky General Assembly; or

(d) Exercise jurisdiction over matters within the exclusive national authority of entities designated by the laws of the United States of America.

➔Section 36. (1) Beginning July 1, 2025, until April 15, 2026, the Kentucky Horse Racing and Gaming Corporation shall not authorize additional locations for the play of electronic charity game tickets beyond the office location of the charitable organization, the location where the charitable organization is licensed to conduct bingo, and the location where pre-approved charitable fundraising events are authorized.

(2) Subsection (1) of this section shall not:

(a) Prevent electronic charity game ticket activities and electronic charity game ticket locations operating prior to July 1, 2025, from being resupplied or updated; or

(b) Apply if the corporation promulgates administrative regulations that regulate electronic charity game tickets.

➔Section 37. The Kentucky Horse Racing and Gaming Corporation may promulgate administrative regulations in accordance with KRS 13A.200 to regulate all activities authorized by KRS Chapters 230 and 238 in contemplation of statutes granting additional authority to the corporation that shall go into effect July 1, 2025.

➔Section 38. A claim for refund or credit of a tax overpayment for any taxable period made by an amended return, tax refund application, or any other method on or after the effective date of this Act, and based on the amendments to subsection (3) of Section 4 of this Act or subsection (3) of Section 5 of this Act, shall not be recognized for any purpose.

➔Section 39. Sections 4 and 5 of this Act shall apply retroactively to property assessed on or after December 31, 2022.

➔Section 40. Sections 19 to 24, 26, and 35 to 37 of this Act take effect on July 1, 2025.

Became law without Governor's signature March 27, 2025.

CHAPTER 99

(SB 2)

AN ACT relating to correctional facilities.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 197 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Cosmetic service or elective procedure" means any procedure, treatment, or surgery to enhance or alter the appearance of any area of the head, neck, and body, including but not limited to:

1. Prescribing or administering cross-sex hormones in amounts greater than would normally be produced endogenously in a healthy person of the same age and sex; and

2. Performing any gender reassignment surgery to alter or remove physical or anatomical characteristics or features that are typical for a person's sex in order to instill or create physiological or anatomical characteristics that resemble a different sex;

(b) "Public funds" means any money, regardless of the original source of the money, of:

1. The Commonwealth of Kentucky or any department, agency, or instrumentality thereof;

2. Any county, city, local school district, or special district, or any department, agency, or instrumentality thereof; and

3. Any other political subdivision of the Commonwealth or any department, agency, or instrumentality thereof; and

(c) "Sex" means the biological indication of male and female as evidenced by sex chromosomes, naturally occurring sex hormones, gonads, and nonambiguous internal and external genitalia present at birth.

(2) Except as provided in subsection (3) of this section, public funds shall not be directly or indirectly used, granted, paid, or distributed for the purpose of providing a cosmetic service or elective procedure to an inmate in a correctional facility.

(3) If a health care provider has initiated a course of treatment for an inmate that includes the prescription or administration of any drug or medication for a cosmetic service or elective procedure and the health care provider determines and documents in the inmate's medical record that immediately terminating use of the drug or medication would cause physical harm to the inmate, the health care provider may institute a period during which the inmate's use of the drug or hormone is systematically reduced and eliminated.

Became law without Governor's signature March 27, 2025.

CHAPTER 100

(HB 2)

AN ACT relating to the taxation of currency and bullion currency and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 139 IS CREATED TO READ AS FOLLOWS:

(1) (a) On or after the effective date of this Act, a violation shall occur when an official notice published by the secretary of the Finance and Administration Cabinet or the commissioner of the department instructs that taxpayers should continue to collect and remit sales and use tax on the sale, use, storage, or other consumption of currency or bullion currency under this chapter.

(b) Any notice or instruction, published at any time, that states that on or after August 1, 2024, the sale, use, storage, or other consumption of currency or bullion currency under this chapter is taxable is void and unenforceable.

(2) Notwithstanding KRS 49.220 and 139.770, on and after August 1, 2024, any person who paid sales tax under KRS 139.200 or use tax under KRS 139.310 on currency or bullion currency that is exempt from sales and use tax under KRS 139.480(37) may maintain an action for a refund of the tax paid, as an

individual or by seeking certification as a class under Rule 23 of the Kentucky Rules of Civil Procedure for a refund on behalf of the person and other persons similarly situated against the Commonwealth.

(3) An action for a refund pursuant to subsection (2) of this section, or alleging a violation under subsection (1) of this section, may be brought in the Circuit Court of any county where the named plaintiff resides or where the currency or bullion currency transaction took place.

(4) In addition to a refund of the sales or use tax, persons seeking a refund pursuant to subsection (2) of this section or alleging a violation under subsection (1) of this section who prevail shall be entitled to:

(a) Prejudgment and post-judgment interest;

(b) Temporary or permanent injunctive relief;

(c) Reasonable attorney's fees and costs; and

(d) For allegations of a violation under subsection (1) of this section, liquidated damages of one thousand dollars ($1,000) for each day that the violation occurred, which shall be paid from the administrative budget of the Finance and Administration Cabinet, the department, or the Office of the Governor.

(5) It is the intent of the General Assembly to waive sovereign, governmental, and qualified immunity for claims under this section, including immunity afforded to the Commonwealth pursuant to the Eleventh Amendment to the Constitution of the United States.

(6) Any person who directs, instructs, or causes a violation of any provision of this section shall be personally, jointly, and severally liable for any awarded damages.

➔Section 2. Subsection (2) of Section 1 of this Act shall be retroactive to August 1, 2024.

➔Section 3. Whereas taxpayer relief is critical and timely relief is necessary, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Veto Overridden March 27, 2025.

CHAPTER 101

(HB 6)

AN ACT relating to administrative regulations and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 13A.010 is amended to read as follows:

As used in this chapter, unless the context otherwise requires:

(1) "Administrative body" means each state board, bureau, cabinet, commission, department, authority, officer, or other entity, except the General Assembly and the Court of Justice, authorized by law to promulgate administrative regulations;

(2) "Administrative regulation" means each statement of general applicability promulgated by an administrative body that implements, interprets, or prescribes law or policy, or describes the organization, procedure, or practice requirements of any administrative body. The term includes an existing administrative regulation, a new administrative regulation, an emergency administrative regulation, an administrative regulation in contemplation of a statute, and the amendment or repeal of an existing administrative regulation, but does not include:

(a) Statements concerning only the internal management of an administrative body and not affecting private rights or procedures available to the public;

(b) Declaratory rulings;

(c) Intradepartmental memoranda not in conflict with KRS 13A.130;

(d) Statements relating to acquisition of property for highway purposes and statements relating to the construction or maintenance of highways; or

(e) Rules, regulations, and policies of the governing boards of institutions that make up the postsecondary education system defined in KRS 164.001 pertaining to students attending or applicants to the institutions, to faculty and staff of the respective institutions, or to the control and maintenance of land and buildings occupied by the respective institutions;

(3) "Adopted" means that an administrative regulation has become effective in accordance with the provisions of this chapter;

(4) "Authorizing signature" means the signature of the head of the administrative body authorized by statute to promulgate administrative regulations;

(5) "Commission" means the Legislative Research Commission;

(6) "Effective" means an administrative regulation that has completed the legislative committee review established by KRS 13A.290, 13A.330, and 13A.331;

(7) "Federal mandate" means any federal constitutional, legislative, or executive law or order that requires or permits any administrative body to engage in regulatory activities that impose compliance standards, reporting requirements, recordkeeping, or similar responsibilities upon entities in the Commonwealth;

(8) "Federal mandate comparison" means a written statement containing the information required by KRS 13A.245;

(9) "Filed" or "promulgated" means that an administrative regulation, or other document required to be filed by this chapter, has been submitted to the Commission in accordance with this chapter;

(10) "Last effective date" means the latter of:

(a) The most recent date an ordinary administrative regulation became effective, without including the date a technical amendment was made pursuant to KRS 13A.040(10), 13A.2255(2), or 13A.312; or

(b) The date a certification letter was filed with the regulations compiler for that administrative regulation pursuant to KRS 13A.3104(4), if the letter stated that the administrative regulation shall remain in effect without amendment;

(11) "Legislative committee" means an interim joint committee, a House or Senate standing committee, a statutory committee, or a subcommittee of the Legislative Research Commission;

(12) "Local government" means and includes a city, county, urban-county, charter county, consolidated local government, special district, or a quasi-governmental body authorized by the Kentucky Revised Statutes or a local ordinance;

(13) "Major economic impact" means ***the combined implementation and compliance costs of an administrative regulation are at least five hundred thousand dollars ($500,000) over any two-year period***~~[an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars ($500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies]~~;

(14) "Proposed administrative regulation" means an administrative regulation that:

(a) Has been filed by an administrative body; and

(b) Has not become effective or been withdrawn;

(15) "Regulatory impact analysis" means a written statement containing the provisions required by KRS 13A.240;

(16) "Small business" means a business entity, including its affiliates, that:

(a) Is independently owned and operated; and

(b) 1. Employs fewer than one hundred fifty (150) full-time employees or their equivalent; or

2. Has gross annual sales of less than six million dollars ($6,000,000);

(17) "Statement of consideration" means the document required by KRS 13A.280 in which the administrative body summarizes the comments received, its responses to those comments, and the action taken, if any, as a result of those comments and responses;

(18) "Subcommittee" means the Administrative Regulation Review Subcommittee of the Legislative Research Commission;

(19) "Tiering" means the tailoring of regulatory requirements to fit the particular circumstances surrounding regulated entities; and

(20) "Written comments" means comments submitted to the administrative body's contact person identified pursuant to KRS 13A.220(6)(d) via hand delivery, United States mail, ***email*** ~~[e-mail]~~, or facsimile and may include but is not limited to comments submitted internally from within the promulgating administrative body or from another administrative body.

➔Section 2. KRS 13A.030 is amended to read as follows:

(1) The Administrative Regulation Review Subcommittee shall:

(a) Conduct a continuous study as to whether additional legislation or changes in legislation are needed based on various factors, including, but not limited to, review of new, emergency, and existing administrative regulations, the lack of administrative regulations, and the needs of administrative bodies;

(b) Except as provided by KRS 158.6471 and 158.6472, review and comment upon effective administrative regulations pursuant to subsections (2), (3), and (4) of this section or administrative regulations filed with the Commission;

(c) Make recommendations for changes in statutes, new statutes, repeal of statutes affecting administrative regulations or the ability of administrative bodies to promulgate them; and

(d) Conduct such other studies relating to administrative regulations as may be assigned by the Commission.

(2) The subcommittee may make a determination:

(a) That an effective administrative regulation or an administrative regulation filed with the Commission is deficient because it:

1. Is wrongfully promulgated;

2. Appears to be in conflict with an existing statute;

3. Appears to have no statutory authority for its promulgation;

4. Appears to impose stricter or more burdensome state requirements than required by the federal mandate, without reasonable justification;

5. Fails to use tiering when tiering is applicable;

6. Is in excess of the administrative body's authority;

7. Appears to impose an unreasonable burden on government or small business, or both;

8. Is filed as an emergency administrative regulation without adequate justification of the emergency nature of the situation as described in KRS 13A.190(1);

9. Has not been noticed in conformance with the requirements of KRS 13A.270(3);

10. Does not provide an adequate cost analysis pursuant to KRS 13A.250; ~~[or]~~

11. Violates Section 8 of this Act; or

12~~[11]~~. Appears to be deficient in any other manner;

(b) That an administrative regulation is needed to implement an existing statute; or

(c) That an administrative regulation should be amended or repealed.

(3) The subcommittee may review an effective administrative regulation if requested by a member of the subcommittee.

(4) The subcommittee may require any administrative body to submit data and information as required by the subcommittee in the performance of its duties under this chapter, and no administrative body shall fail to provide the information or data required.

➔Section 3. KRS 13A.040 is amended to read as follows:

The director of the Legislative Research Commission shall appoint an administrative regulations compiler who shall:

(1) Receive administrative regulations, and other documents required to be filed by the provisions of this chapter, tendered for filing;

(2) Stamp administrative regulations tendered for filing with the time and date of receipt;

(3) Provide administrative and support services to the subcommittee;

(4) Maintain a file of administrative regulations and other documents required to be filed by this chapter, for public inspection, with suitable indexes;

(5) Maintain a file of ineffective administrative regulations;

(6) Maintain a file of material incorporated by reference, including superseded or ineffective material incorporated by reference;

(7) Prepare the Kentucky Administrative Regulations Service;

(8) Upon request, certify copies of administrative regulations and other documents that have been filed with the regulations compiler;

(9) Correct errors that do not change the substance of an administrative regulation, including but not limited to typographical errors, errors in format, and grammatical errors;

(10) (a) Change the following items in an administrative regulation in response to a specific written request for a technical amendment submitted by the administrative body if the regulations compiler determines that the requested changes do not affect the substance of the administrative regulation:

1. The administrative body's identifying information, including address, phone number, fax number, ***website*** ~~[Web site]~~ address, and ***email*** ~~[e-mail]~~ address;

2. Typographical errors, errors in format, and grammatical errors;

3. Citations to statutes or other administrative regulations if a format change within that statute or administrative regulation has changed the numbering or lettering of parts; or

4. Other changes in accordance with KRS 13A.312; and

(b) Notify the administrative body within thirty (30) business days of receipt of a technical amendment letter the status of the request, including:

1. Any requested changes that are accepted as technical amendments; and

2. Any requested changes that are not accepted as technical amendments;

(11) Refuse to accept for filing administrative regulations, and other documents required to be filed by this chapter, that do not conform to the drafting, formatting, or filing requirements established by the provisions of ***Section 8 of this Act and*** KRS 13A.190(5) to (11), 13A.220, 13A.222(1), (2), and (3), 13A.230, and 13A.280, and notify the administrative body in writing of the reasons for refusing to accept an administrative regulation for filing;

(12) Maintain a list of all administrative regulation numbers and the corresponding last effective date, based on the information included in the history line of each administrative regulation; and

(13) Perform other duties required by the Commission or by a legislative committee.

➔Section 4. KRS 13A.100 is amended to read as follows:

Subject to limitations in applicable statutes, ***including Section 8 of this Act,*** any administrative body that is empowered to promulgate administrative regulations shall, by administrative regulation, prescribe, consistent with applicable statutes:

(1) Each statement of general applicability, policy, procedure, memorandum, or other form of action that implements; interprets; prescribes law or policy; describes the organization, procedure, or practice requirements of any administrative body; or affects private rights or procedures available to the public;

(2) The process for application for license, benefits available or other matters for which an application would be appropriate unless such process is prescribed by a statute;

(3) Fees, except for those exempted in paragraphs (a) to (j) of this subsection, to be charged by the administrative body if such fees are authorized by law and are not set by statute:

(a) State park room rates;

(b) Prices for food in restaurants at state facilities;

(c) Prices for goods at gift shops at state facilities;

(d) Prices for groceries and other items sold at state facilities;

(e) Prices charged for state publications;

(f) Prices charged for rides and amusement activities at state facilities;

(g) Admission fees to athletic and entertainment events at state facilities;

(h) Charges for swimming, skiing, horseback riding, and similar recreational activities at state facilities;

(i) Charges for boat and equipment rentals for recreational purposes at state facilities; and

(j) Admission fees charged for seminars and educational courses by state administrative bodies;

(4) The procedures to be utilized by the administrative body in the conduct of hearings by or for the administrative body unless such procedures are prescribed by a statute; and

(5) The disciplinary procedures within the jurisdiction of the administrative body unless such procedures are prescribed by statute.

➔Section 5. KRS 13A.220 is amended to read as follows:

All administrative regulations shall comply with the provisions of KRS 13A.222 and 13A.224.

(1) (a) An administrative body shall file with the regulations compiler:

1. The original and five (5) copies of an administrative regulation; and

2. At the same time as, or prior to, filing the paper version, an electronic version of the administrative regulation and required attachments saved as a single document for each administrative regulation in an electronic format approved by the regulations compiler.

(b) If there are differences between the paper copy and the electronic version of an administrative regulation filed with the regulations compiler, the electronic version shall be the controlling version.

(2) The original and four (4) copies of each administrative regulation shall be stapled in the top left corner. The fifth copy of each administrative regulation shall not be stapled. The original and the five (5) copies of each administrative regulation shall be grouped together.

(3) An amendment to an administrative regulation shall not be made on a copy of the administrative regulation reproduced from the Kentucky Administrative Regulations Service or the Administrative Register. It shall be a typed original in the format specified in subsection (4) of this section.

(4) The format of an administrative regulation shall be as follows:

(a) An administrative regulation shall be typewritten on white paper, size eight and one-half (8-1/2) by eleven (11) inches and shall be double-spaced through the last line of the body of the administrative regulation. The first page shall have a two (2) inch top margin. The administrative regulation shall be typed in a twelve (12) point font approved by the regulations compiler. The lines on each page shall be numbered, with each page starting with line number one (1). Pages of an administrative regulation and documents attached to the administrative regulation shall be numbered sequentially. Page numbers shall be centered in the bottom margin of each page. Copies of the administrative regulation may be mechanically reproduced;

(b) The regulations compiler shall place a stamp indicating the date and time of receipt of the administrative regulation in the two (2) inch margin on the first page;

(c) The cabinet, department, and division of the administrative body shall be listed on separate double-spaced lines two (2) inches from the top in the upper left hand corner of the first page. This shall be followed on the next double-spaced line by "(New Administrative Regulation)," "(Amendment)," "(Amended After Comments)," "(Repealer)," "(New Emergency Administrative Regulation),"

"(Emergency Amendment)," "(Emergency Amended After Comments)," or "(Emergency Repealer)," whichever is applicable;

(d) The notation shall be followed by the number and title of the administrative regulation on the next double-spaced line. The promulgating administrative body shall contact the regulations compiler prior to filing to obtain an administrative regulation number for a new administrative regulation;

(e) On the next double-spaced line following the number and title of an administrative regulation, after the words "RELATES TO:," the administrative body shall list all statutes and other enactments, including any branch budget bills or executive orders, to which the administrative regulation relates or which shall be affected by the administrative regulation. After the words "STATUTORY AUTHORITY:" the administrative body shall list the specific statutes and other enactments, where applicable, authorizing the promulgation of the administrative regulation. Federal statutes and regulations shall be cited in the "RELATES TO:" and "STATUTORY AUTHORITY:" sections as provided by KRS 13A.222(4)(n) and (o); and

(f) Following the citations provided for in paragraph (e) of this subsection, and following the words "NECESSITY, FUNCTION, AND CONFORMITY:" the administrative body shall include a brief statement setting forth the necessity for promulgating the administrative regulation, a summary of the functions intended to be implemented by the administrative regulation, and, if applicable, the statement required by KRS 13A.245(2)(b).

(5) The numbering within the body of an administrative regulation shall be the responsibility of the promulgating body, subject to the authority of the regulations compiler to divide or renumber an administrative regulation. The following format shall be used by the administrative body in the numbering of each administrative regulation. Each section shall begin with the word "Section" followed by an Arabic number, and titles of sections shall be initially capitalized. Subsections shall be designated by an Arabic number in parentheses. Paragraphs shall be designated by lower case letters of the alphabet in parentheses (e.g., (a), (b), (c), etc.). Subparagraphs shall be designated by an Arabic number followed by a period (e.g., 1., 2., etc.). Clauses shall be designated by lower case letters of the alphabet followed by a period (e.g., a., b., c., etc.). Subclauses shall be designated by lower case Roman numerals in parentheses (e.g., (i), (ii), (iii), etc.). A section shall not be divided into subsections, paragraphs, subparagraphs, clauses, or subclauses if there is only one (1) item in that level of division.

(6) After the complete text of an administrative regulation, on the following page, the administrative body shall include the following information:

(a) If ***a statute requires an administrative body or official to submit an administrative regulation to an official or administrative body for review or approval prior to filing the administrative regulation with the Commission***~~[the provisions of KRS 13A.120(3) are applicable]~~, a statement that the official or the head of the administrative body has reviewed or approved the administrative regulation; the signature of such official or head; and the date on which such review or approval occurred;

(b) The authorizing signature of the administrative body promulgating the administrative regulation, and the date on which the administrative body approved the promulgation;

(c) Information relating to public hearings and the public comment period required by KRS 13A.270; and

(d) The name, position, mailing address, telephone number, ***email***~~[e-mail]~~ address, and facsimile number of the contact person of the administrative body. The contact person shall be the person authorized by the head of an administrative body to:

1. Receive information relating to issues raised by the public or by a legislative committee prior to a public meeting of the legislative committee;

2. Negotiate changes in language with a legislative committee in order to resolve such issues; and

3. Answer questions relating to the administrative regulation.

(7) The format for signatures required by subsection (6)(a) and (b) of this section shall be as follows:

(a) The signature shall be placed on a signature line; and

(b) The name and title of the person signing shall be typed immediately beneath the signature line.

(8) An administrative body shall prominently display on its ***website***~~[Web site]~~:

(a) A notice that an administrative regulation has been filed with the Commission;

(b) A summary of the administrative regulation including:

1. The number of the administrative regulation;

2. The title of the administrative regulation; and

3. Any changes made if it is an existing administrative regulation;

(c) Information on how to access the administrative regulation on the Commission's ***website*** ~~[Web site]~~; and

(d) The dates of the public comment period and the place, time, and date of the scheduled public hearing as well as the manner in which interested parties shall submit:

1. Notification of attending the public hearing; and

2. Written comments.

(9) (a) A letter of request, notification, or withdrawal required to be filed with the regulations compiler pursuant to this chapter may be filed electronically if the letter:

1. Is on the administrative body's official letterhead; and

2. Contains the signature of a representative of that administrative body.

(b) Paragraph (a) of this subsection shall not apply to the letters required by KRS 13A.320(2)(b) for amendments at a legislative committee meeting.

➔Section 6. KRS 13A.250 is amended to read as follows:

(1) An administrative body that promulgates an administrative regulation shall consider the cost that the administrative regulation may cause state or local government and regulated entities to incur.

(2) (a) A two (2) part cost analysis shall be completed for each administrative regulation.

(b) The first part of the cost analysis shall include the projected cost or cost savings to the Commonwealth of Kentucky and each of its affected agencies, and the projected cost or cost savings to affected local governments, including cities, counties, fire departments, and school districts.

(c) The second part of the cost analysis shall include the projected cost or cost savings to the regulated entities affected by the administrative regulation.

(d) Agencies or entities affected by the administrative regulation may submit comments in accordance with KRS 13A.270(1) to the promulgating administrative body or to a legislative committee reviewing the administrative regulation.

(3) Each administrative body that promulgates an administrative regulation shall prepare and submit with the administrative regulation a fiscal note. The fiscal note shall state:

(a) The number of the administrative regulation;

(b) The name, ***email*** ~~[e-mail]~~ address, and telephone number of the contact person of the administrative body identified pursuant to KRS 13A.220(6)(d), and, if applicable, the name, ***email*** ~~[e-mail]~~ address, and telephone number of an alternate person to be contacted with specific questions about the fiscal note;

(c) Each unit, part, or division of state or local government the administrative regulation will affect;

(d) ***Whether the administrative regulation was expressly authorized by an act of the General Assembly, and if so, identification of the act;***

(e) In detail, the aspect or service of state or local government to which the administrative regulation relates, including identification of the applicable state or federal statute or regulation that mandates the aspect or service or authorizes the action taken by the administrative regulation;

(f) ~~[(e)]~~ The estimated effect of the administrative regulation on the expenditures and revenues of a state or local government agency or regulated entity for the first full year the administrative regulation will be in effect ***and any subsequent year the administrative regulation will be in effect***. The administrative body shall provide a narrative to explain the fiscal impact of the administrative regulation and the methodology and resources it used to determine the fiscal impact; and

(g)*~~[(f)]~~** The conclusion of the promulgating administrative body as to whether the administrative regulation will have a major economic impact ***on~~[, as defined in KRS 13A.010, to]~~ state and local government and regulated entities, and an explanation of the methodology and resources used by the administrative body to reach this conclusion.

(4) Any administrative body may request the advice and assistance of the Commission in the preparation of the fiscal note.

➔Section 7. KRS 13A.315 is amended to read as follows:

(1) An administrative regulation shall expire and shall not be reviewed by a legislative committee if:

(a) It has not been reviewed or approved by the official or administrative body with authority to review or approve***, or it does not have a certification required by subsection (3) of Section 8 of this Act***;

(b) The statement of consideration and, if applicable, the amended after comments version are not filed on or before a deadline specified by this chapter;

(c) The administrative body***:***

(1) Has failed to comply with the provisions of this chapter governing the filing of administrative regulations, the public hearing and public comment period, or the statement of consideration***; or***

(2) Has failed to comply with Section 8 of this Act; or

(d) The administrative regulation is deferred pursuant to KRS 13A.300(2) more than twelve (12) times.

(2) (a) An administrative regulation that has been found deficient by a legislative committee shall be withdrawn immediately if, pursuant to KRS 13A.330, the Governor has determined that it shall be withdrawn.

(b) The Governor shall notify the regulations compiler in writing and by telephone that he or she has determined that the administrative regulation found deficient shall be withdrawn.

(c) The written withdrawal of an administrative regulation governed by the provisions of this subsection shall be made in a letter to the regulations compiler in the following format: "Pursuant to KRS 13A.330, I have determined that (administrative regulation number and title) shall be (withdrawn, or withdrawn and amended to conform to the finding of deficiency, as applicable). The administrative regulation, (administrative regulation number and title), is hereby withdrawn."

(d) An administrative regulation governed by the provisions of this subsection shall be considered withdrawn upon receipt by the regulations compiler of the written withdrawal.

➔SECTION 8. A NEW SECTION OF KRS CHAPTER 13A IS CREATED TO READ AS FOLLOWS:

(1) Except as provided in subsection (2) of this section, after March 31, 2025, an administrative body shall not file or promulgate, or have power or authority to promulgate, any new administrative regulation, ordinary administrative regulation, emergency administrative regulation, administrative regulation in contemplation of a statute, or administrative regulation amending an existing regulation, or administrative regulation repealing an existing regulation.

(2) Notwithstanding subsection (1) of this section, an administrative body shall have authority to promulgate a new administrative regulation, ordinary administrative regulation, emergency administrative regulation, administrative regulation in contemplation of a statute, or administrative regulation amending an existing administrative regulation if the administrative body is given statutory authority to promulgate administrative regulations in a particular subject matter and certifies in the administrative regulation that the administrative regulation:

(a) Will not have a major economic impact;

(b) Is an emergency administrative regulation that must be put into effect immediately to meet an imminent threat to public health, safety, or welfare;

(c) Is necessary to prevent the loss of federal or state funds;

(d) Is necessary to meet a deadline that is established by federal law, federal regulation, or state law;

(e) Is necessary to comply with a final order from a court of competent jurisdiction; or

(f) Relates to the licensure and regulation of health facilities and services pursuant to KRS Chapter 216B.

(3) An administrative regulation filed or promulgated by any of the following administrative bodies, or by an office, division, or other unit within any of the following administrative bodies, shall include the Governor's certification that it meets one (1) or more of the six (6) criteria set forth in subsection (2) of this section in addition to the administrative body's certification that it meets one (1) or more of the six (6) criteria set forth in subsection (2) of this section:

(a) The Governor, Lieutenant Governor, and Office of the Governor;

(b) Justice and Public Safety Cabinet;

(c) Energy and Environment Cabinet;

(d) Public Protection Cabinet;

(e) Transportation Cabinet;

(f) Cabinet for Economic Development;

(g) Cabinet for Health and Family Services;

(h) Finance and Administration Cabinet;

(i) Tourism, Arts and Heritage Cabinet;

(j) Personnel Cabinet;

(k) Education and Labor Cabinet;

(l) Department of Education;

(m) Council on Postsecondary Education;

(n) Department of Military Affairs;

(o) Department for Local Government;

(p) Kentucky Commission on Human Rights;

(q) Kentucky Commission on Women;

(r) Department of Veterans' Affairs;

(s) Kentucky Commission on Military Affairs;

(t) Office of Minority Empowerment;

(u) Governor's Council on Wellness and Physical Activity;

(v) Kentucky Communications Network Authority;

(w) Executive Branch Ethics Commission;

(x) Teachers' Retirement System; and

(y) Kentucky Public Pensions Authority.

(4) Any administrative regulation that any person causes to be filed or promulgated, or attempts to file or promulgate, in violation of this section shall be null, void, and unenforceable.

➔Section 9. Whereas it is critical to ensure that citizens of the Commonwealth have confidence in the administrative bodies of state government and recognizing that legislative oversight is prudent, an emergency is declared to exist, and this Act takes effect March 31, 2025.

Veto Overridden March 27, 2025.

CHAPTER 102

(HB 216)

AN ACT relating to the Kentucky Office of Agricultural Policy and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 246 IS CREATED TO READ AS FOLLOWS:

(1) Employees of the department who are not employed within the Kentucky Office of Agricultural Policy established in KRS 246.030 shall not be prohibited under Section 2 of this Act from participating in, applying for, or receiving funds, awards, or contracts administered by the department through the Kentucky Office of Agricultural Policy's Agricultural Development Board or Kentucky Agricultural Finance Corporation.

(2) Except as provided in subsection (13) of Section 2 of this Act, employees of the department, including those employed by the Kentucky Office of Agricultural Policy, shall be subject to the prohibitions in Section 2 of this Act.

(3) This section shall be retroactive to March 12, 2021.

➔Section 2. KRS 11A.040 is amended to read as follows:

(1) A public servant, in order to further his or her own economic interests, or those of any other person, shall not knowingly disclose or use confidential information acquired in the course of his or her official duties.

(2) A public servant shall not knowingly receive, directly or indirectly, any interest or profit arising from the use or loan of public funds in his or her hands or to be raised through any state agency.

(3) A public servant shall not knowingly act as a representative or agent for the Commonwealth or any agency in the transaction of any business or regulatory action with himself or herself, or with any business in which he or she or a member of his or her family has any interest greater than five percent (5%) of the total value thereof.

(4) A public servant shall not knowingly himself or herself or through any business in which he or she owns or controls an interest of more than five percent (5%), or by any other person for his or her use or benefit or on his or her account, undertake, execute, hold, bid on, negotiate, or enjoy, in whole or in part, any contract, agreement, lease, sale, or purchase made, entered into, awarded, or granted by the agency by which he or she is employed or which he or she supervises, subject to the provisions of KRS 45A.340. This provision shall not apply to:

   (a) A contract, purchase, or good faith negotiation made pursuant to KRS Chapter 416 relating to eminent domain; or

   (b) Agreements which may directly or indirectly involve public funds disbursed through entitlement programs; or

   (c) A public servant's spouse or child doing business with any state agency other than the agency by which the public servant is employed or which he ***or she*** supervises; or

   (d) Purchases from a state agency that are available on the same terms to the general public or that are made at public auction; or

   (e) Sales of craft items to a state park by interim state employees designated as craftspersons under KRS 148.257.

(5) A public servant shall not knowingly accept compensation, other than that provided by law for public servants, for performance of his or her official duties without the prior approval of the commission.

(6) A former officer or public servant listed in KRS 11A.010(9)(a) to (g) shall not, within one (1) year of termination of his or her employment, knowingly by himself or herself or through any business in which he or she owns or controls an interest of at least five percent (5%), or by any other person for his or her use or benefit or on his or her account, undertake, execute, hold, bid on, negotiate, or enjoy, in whole or in part, any contract, agreement, lease, sale, or purchase made, entered into, awarded, or granted by the agency by which he or she was employed. This provision shall not apply to a contract, purchase, or good-faith negotiation made under KRS Chapter 416 relating to eminent domain or to agreements that may directly or indirectly involve public funds disbursed through entitlement programs. This provision shall not apply to purchases from a state agency that are available on the same terms to the general public or that are made at public auction. This provision shall not apply to former officers of the Department of Public Advocacy whose continued representation of clients is necessary in order to prevent an adverse effect on the client.

(7) A present or former officer or public servant listed in KRS 11A.010(9)(a) to (g) shall not, within one (1) year following termination of his or her office or employment, accept employment, compensation, or other economic benefit from any person or business that contracts or does business with, or is regulated by, the state in matters in which he or she was directly involved during the last thirty-six (36) months of his or her tenure. This provision shall not prohibit an individual from returning to the same business, firm, occupation, or profession in which he or she was involved prior to taking office or beginning his or her term of employment, or for which he or she received, prior to his or her state employment, a professional degree or license, provided that, for a period of one (1) year, he or she personally refrains from working on any matter in which he or she was directly involved during the last thirty-six (36) months of his or her tenure in state government. This subsection shall not prohibit the performance of ministerial functions, including but not limited to filing tax returns, filing applications for permits or licenses, or filing incorporation papers, nor shall it prohibit the former officer or public servant from receiving public funds disbursed through entitlement programs.

(8) A former public servant shall not act as a lobbyist or lobbyist's principal in matters in which he or she was directly involved during the last thirty-six (36) months of his or her tenure for a period of one (1) year after the latter of:

(a) The date of leaving office or termination of employment; or

(b) The date the term of office expires to which the public servant was elected.

(9) A former public servant shall not represent a person or business before a state agency in a matter in which the former public servant was directly involved during the last thirty-six (36) months of his or her tenure, for a period of one (1) year after the latter of:

(a) The date of leaving office or termination of employment; or

(b) The date the term of office expires to which the public servant was elected.

(10) Without the approval of his ***or her*** appointing authority, a public servant shall not accept outside employment from any person or business that does business with or is regulated by the state agency for which the public servant works or which he or she supervises, unless the outside employer's relationship with the state agency is limited to the receipt of entitlement funds.

(a) The appointing authority shall review administrative regulations established under KRS Chapter 11A when deciding whether to approve outside employment for a public servant.

(b) The appointing authority shall not approve outside employment for a public servant if the public servant is involved in decision-making or recommendations concerning the person or business from which the public servant seeks outside employment or compensation.

(c) The appointing authority, if applicable, shall file quarterly with the Executive Branch Ethics Commission a list of all employees who have been approved for outside employment along with the name of the outside employer of each.

(11) The prohibitions imposed by subsection (5) or (10) of this section shall not apply to Professional Golfers' Association class A members who teach golf lessons and receive a fee or lesson charge at golf courses owned and operated by the Kentucky Department of Parks. Instruction provided by an employee of the Commonwealth shall only be given while the employee is on his or her own personal time. The commissioner of the Department of Parks shall promulgate administrative regulations to establish guidelines for the process by which Professional Golfers' Association class A members are approved to teach golf lessons at Kentucky Department of Parks-owned golf courses. The exception granted by this subsection is in recognition of the benefits that will accrue to the Kentucky Department of Parks due to increased participation at state-owned golf courses.

(12) The prohibitions imposed by subsections (6) to (10) of this section shall not apply to members of the Kentucky Horse Racing and Gaming Corporation.

(13) (a) This section shall not be construed to prohibit employees of the Department of Agriculture who are not employed within the Kentucky Office of Agricultural Policy established in KRS 246.030 from participating in, applying for, or receiving funds, awards, or contracts administered by the Department of Agriculture through the Kentucky Office of Agricultural Policy.

(b) This subsection shall be retroactive to March 12, 2021.

➔Section 3. Whereas agriculture impacts the well-being of every citizen throughout the Commonwealth and access to resources offered by various state agencies is vital to the advancement of the agricultural industry, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Veto Overridden March 27, 2025.

CHAPTER 103

(HB 240)

AN ACT relating to primary school.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 158.305 is amended to read as follows:

(1) As used in this section:

(a) "Aphasia" means a condition characterized by either partial or total loss of the ability to communicate verbally or through written words. A person with aphasia may have difficulty speaking, reading, writing, recognizing the names of objects, or understanding what other people have said. The condition may be temporary or permanent and does not include speech problems caused by loss of muscle control;

(b) "Dyscalculia" means the inability to understand the meaning of numbers, the basic operations of addition and subtraction, the complex operations of multiplication and division, or to apply math principles to solve practical or abstract problems;

(c) "Dysgraphia" means difficulty in automatically remembering and mastering the sequence of muscle motor movements needed to accurately write letters or numbers;

(d) "Dyslexia" has the same meaning as in KRS 158.307;

(e) "Enrichment program" means accelerated intervention within the school day or outside of the school day or school calendar led by individuals most qualified to provide the intervention that includes evidence-based reading instructional programming related to reading instruction in the areas of phonemic awareness, phonics, fluency, vocabulary, and comprehension, and other instructional strategies aligned to reading and writing standards required by KRS 158.6453 and outlined in administrative regulation promulgated by the Kentucky Board of Education;

(f) "Evidence-based" has the same meaning as in 20 U.S.C. sec. 7801(21);

(g) "Phonemic awareness" has the same meaning as in KRS 158.307;

(h) "Reading diagnostic assessment" has the same meaning as in KRS 158.792;

(i) "Reading improvement plan" means an accelerated intervention plan for a student in kindergarten through grade four (4) that is developed to increase a student's rate of progress toward proficient performance in reading that is identified as necessary based on the student's results on an approved reading diagnostic assessment. This plan should be developed in collaboration and accordance with any existing program services plan, individualized education program, or Section 504 Plan unless the program services plan, individualized education program, or Section 504 Plan already addresses improving reading;

(j) "Reading improvement team" means a team that develops and oversees the progress of a reading improvement plan and includes:

1. The parent or guardian of the student that is the subject of the reading improvement plan;

2. No less than one (1) regular education teacher of the student to provide information about the general curriculum for same-aged peers;

3. A representative of the local education agency who is knowledgeable about the reading curriculum and the availability of the evidence-based literacy resources of the local education agency; and

4. Any specialized certified school employees for students receiving language instruction educational programming or special education services; and

(k) "Universal screener" means a process of providing a brief assessment to all students within a grade level to assess the students' performance on the essential components of reading.

(2) Notwithstanding any other statute or administrative regulation to the contrary, the Kentucky Board of Education shall promulgate administrative regulations to further define a multitiered system of supports for district-wide use of a system for students in kindergarten through grade three (3), that includes a tiered continuum of interventions with varying levels of intensity and duration and which connects general, compensatory, and special education programs to provide interventions implemented with fidelity to evidence-based research and matched to individual student strengths and needs. At a minimum, evidence of implementation shall be submitted by the district to the department by October 1 of each year and shall include but not be limited to the activities required under KRS 158.649.

(3) The department ~~[of Education]~~shall provide technical assistance and training, if requested by a local district, to assist in the implementation of the district-wide, multitiered system of supports as a means to identify and assist any student experiencing difficulty in reading, writing, mathematics, or behavior and to determine appropriate instructional modifications needed by advanced learners to make continuous progress.

(4) The technical assistance and training shall be designed to improve:

(a) The use of specific screening processes and programs to identify student strengths and needs;

(b) The use of screening data for designing instructional interventions;

(c) The use of multisensory instructional strategies and other interventions validated for effectiveness by evidence-based research;

(d) Progress monitoring of student performance; and

(e) Accelerated, intensive, direct instruction that addresses students' individual differences, including advanced learners, and enables students that are experiencing difficulty to catch up with typically performing peers.

(5) (a) ~~[By January 1, 2023,]~~Each superintendent or public charter school board of directors shall select:

1. At least one (1) universal screener for reading that is determined by the department to be reliable and valid to be administered to all students in kindergarten through grade three (3); and

2. At least one (1) reading diagnostic assessment for reading that is determined by the department to be reliable and valid to be administered as part of a multitiered system of supports for students in kindergarten through grade three (3).

(b) Notwithstanding KRS 158.6453(19) and 160.345, each superintendent or public charter school board shall adopt a common comprehensive reading program that is determined by the department to be reliable, valid, and aligned to reading and writing standards required by KRS 158.6453 and outlined in administrative regulation promulgated by the Kentucky Board of Education for kindergarten through grade three (3) for all schools or a subset of schools, with consultation of all affected elementary school councils.

(c) All teachers of students in kindergarten through grade three (3), including public charter school teachers, shall be trained on any reading diagnostic assessment and universal screener selected by the superintendent or public charter school board prior to administration of the assessment. The training shall address:

1. How to properly administer the reading diagnostic assessment;

2. How to interpret the results of the reading diagnostic assessment to identify students needing interventions;

3. How to use the assessment results to design instruction and interventions;

4. The use of the assessment to monitor the progress of student performance; and

5. The use of accelerated, intensive, and direct instruction that addresses students' individual differences and enables students to achieve proficiency in reading, including but not limited to daily, one-on-one instruction.

(6) ~~[Beginning with the 2023-2024 school year,]~~A universal screener determined by the department~~[of Education]~~ to be reliable and valid shall be:

(a) Given in the first forty-five (45) days of the school year for all kindergarten students at a public school or public charter school;~~[and]~~

(b) Given in the first thirty (30) days of the school year for grades one (1) through three (3) at a public school or public charter school***; and***

(c) Given within the final fourteen (14) instructional days of the school year to all students in kindergarten and first grade at a public school or public charter school.

(7) A reading improvement plan shall be developed and implemented by a reading improvement team for any student in kindergarten through grade three (3) identified as needing accelerated interventions to progress toward proficient performance in reading. The reading improvement plan shall require:

(a) Intensive intervention that includes effective instructional strategies and appropriate instructional materials necessary to help the student make accelerated progress toward proficient performance in reading and become ready for the next grade, including but not limited to daily, one-on-one instruction with students the most in need provided by certified teachers specifically trained to provide one-on-one instruction;

(b) A school to provide a written quarterly progress report containing the information required by paragraph (a) of this subsection to a parent or guardian of any student subject to a reading improvement plan. The written quarterly progress report for the reading improvement plan may be included in the school's existing quarterly progress report; and

(c) Individual placement decisions for children who are eligible for special education and related services to be determined by the appropriate admissions and release committee in accordance with administrative regulations promulgated by the Kentucky Board of Education.

(8) ~~[Beginning in the 2023-2024 school year,]~~If a student's rate of progress toward proficient performance in reading needs accelerated interventions as demonstrated by the results of an approved reading diagnostic assessment, the local school district shall provide:

(a) Enrichment programs through grade three (3) using evidence-based reading instruction and other strategies;

(b) Intensive instructional services, progress monitoring measures, and supports to students through grade three (3); and

(c) Parents and legal guardians of students identified for accelerated interventions in reading in kindergarten through grade three (3) with a "Read at Home" plan, including information on how to participate in regular parent-guided home reading.

(9) ***(a) Beginning in the 2025-2026 school year:***

1. A kindergarten student who had a reading improvement plan for the school year may remain in kindergarten for an additional school year if a school determines that the student:

a. Did not meet grade level benchmarks in reading while in kindergarten as determined by the universal screener given in accordance with subsection (6) of this section;

b. Did not master the Kentucky reading academic standards for kindergarten students based on assessments given in accordance with KRS 158.6453(8); or

c. Is not properly prepared to be successful in the first grade; and

2. A first-grade student who had a reading improvement plan for the school year shall remain in first grade for an additional school year if a school determines that the student:

a. Did not meet grade level benchmarks in reading while in first grade as determined by the universal screener given in accordance with subsection (6) of this section;

b. Did not master the Kentucky reading academic standards for first grade students based on assessments given in accordance with KRS 158.6453(8); or

c. Is not properly prepared to be successful in the second grade.

(b) Notwithstanding paragraph (a) of this subsection, placement decisions for students eligible for special education and related services shall be determined by the admissions and release committee in accordance with administrative regulations promulgated by the Kentucky Board of Education.

(c) Notwithstanding paragraph (a) of this subsection, a student who remained in kindergarten under this subsection shall not subsequently be required to remain in first grade, and a student shall not be required to remain in first grade for more than one (1) additional year.

(d) The school shall reevaluate and make necessary changes to the reading improvement plan of any student remaining in kindergarten or first grade and shall continue to provide all programs and services required under subsection (8) of this section during the additional year of kindergarten or first grade.

(e) A student provided an additional year of kindergarten or first grade under this subsection may advance through the primary school program when it is determined by the school to be in the best educational interest of the student pursuant to KRS 158.031.

(10) ~~[Beginning in the 2024-2025 school year,]~~If a student does not score in the proficient performance level or higher in reading, as defined in KRS 158.791(2), on the state annually required grade three (3) assessment, the local school district shall provide:

(a) 1. Enrichment programs in grade four (4) using evidence-based reading instruction and other strategies; or

2. Intensive instructional services, progress monitoring measures, and supports to students in grade four (4); and

(b) Written notification of the interventions and supports described in paragraph (a) of this subsection to the parent or legal guardian of the student, including a description of proposed interventions and supports to be provided.

(11) ~~[(10)]~~ By September 1, 2023, if funds are appropriated, the department shall establish required teacher academies or coaching models for teachers of students in prekindergarten through grade three (3). The teacher academies or coaching models shall be related to evidence-based practices in instruction, instructional materials, and assessment in reading.

(12) ~~[(11)]~~ The department shall develop and maintain a web-based resource providing teachers access to:

(a) Information on the use of specific screening processes and programs to identify student strengths and needs, including those for advanced learners;

(b) Current, evidence-based research and age-appropriate instructional tools that may be used for substantial, steady improvement in:

1. Reading when a student is experiencing difficulty with phonemic awareness, phonics, vocabulary, fluency, general reading comprehension, or reading in specific content areas, or is exhibiting characteristics of dyslexia, aphasia, or other reading difficulties;

2. Writing when a student is experiencing difficulty with consistently producing letters or numbers with accuracy or is exhibiting characteristics of dysgraphia;

3. Mathematics when a student is experiencing difficulty with basic math facts, calculations, or application through problem solving, or is exhibiting characteristics of dyscalculia or other mathematical difficulties; or

4. Behavior when a student is exhibiting behaviors that interfere with his or her learning or the learning of other students; and

(c) Current, evidence-based research and age-appropriate instructional tools that may be used for continuous progress of advanced learners.

(13) ~~[(12)]~~ The department shall encourage districts to utilize both state and federal funds as appropriate to implement a district-wide multitiered system of supports.

(14) ~~[(13)]~~ The department is encouraged to coordinate technical assistance and training on current best practice interventions with state postsecondary education institutions.

(15) ~~[(14)]~~ The department shall collaborate with the statewide reading research center established under KRS 164.0207, the Kentucky Center for Mathematics, the Kentucky Center for Instructional Discipline, the Education Professional Standards Board, the Council on Postsecondary Education, postsecondary teacher education programs, and other agencies and organizations as deemed appropriate to ensure that teachers are prepared to utilize evidence-based interventions in reading, writing, mathematics, and behavior.

(16) ~~[(15)]~~ In compliance with 20 U.S.C. sec. 1414(a)(1)(E), screening of a student to determine appropriate instructional strategies for curriculum implementation shall not be considered to be an evaluation for eligibility for special education and related services and nothing in this section shall limit a school district from completing an initial evaluation of a student suspected of having a disability.

Veto Overridden March 27, 2025.

CHAPTER 104

(HB 346)

AN ACT relating to air quality programs and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 224.20-050 is amended to read as follows:

(1) ***As used in this section, "emergency stationary internal combustion engine" means any engine that:***

(a) Has no time limits on use in emergency situations;

(b) Is operated for a maximum of one hundred (100) hours per calendar year for all nonemergency situations, including maintenance checks and readiness testing; and

(c) Is operated for a maximum of fifty (50) hours per calendar year for nonemergency situations that do not constitute maintenance checks or readiness testing. Hours of operation under this paragraph are counted as part of the one hundred (100) hours allowed under paragraph (b) of this subsection.

(2) The cabinet, or an air pollution control district created pursuant to KRS Chapters 77 and 224, may promulgate ***administrative*** regulations adopting fees for the cost of administering the air quality program authorized by this chapter, as mandated under the Clean Air Act Amendments of 1990***, Pub. L. No.*** ~~[(Public Law]~~ 101-549, as amended~~[)]~~. Any person who fails to pay a fee as required by the administrative regulations adopted pursuant to this section shall pay an additional fee equal to fifty percent (50%) of the fee amount, plus interest on the fee amount computed in accordance with ***26 U.S.C. sec.*** ~~[Section]~~ 6621(a)(2)~~[of the Internal Revenue Code of 1986 (Public Law 99-499]~~, as amended, relating to computation of interest on underpayment of federal taxes~~[)]~~.

(3) ~~[(2)]~~ The cabinet may use the fee structure implemented by administrative regulations to generate funds to finance the cabinet's air quality program. The cabinet's fee structure shall not generate moneys in excess of the amount authorized in the enacted budget bill.

(4) ~~[(3)]~~ ***Except as provided in subsection (5) of this section,*** the emissions fees shall be assessed on each permitted source of regulated air pollutants emitted in the preceding year***, and the cabinet shall not create an upper limit on the amount of actual emissions of a single regulated air pollutant from a permitted source emitted in the preceding year that may be assessed emissions fees***.

(5) An emergency stationary internal combustion engine unit shall not subject a source that has been issued a state origin or federally enforceable non-major source permit to the assessment or payment of emissions fees on any emissions from that source.

(6) ~~[(4)]~~ Moneys generated by a fee structure shall be deposited into a separate and distinct interest-bearing account and invested in accordance with administrative regulations promulgated by the State Investment Commission pursuant to KRS 42.525. Moneys not expended at the end of a fiscal year shall be carried forward to the next fiscal year. Any available balance shall be credited against the emissions fee required in the

succeeding fiscal year, and shall be credited to each source according to the proportion of the total of all emission fees which were paid by that source in a timely manner.

➔Section 2. Subsection (5) of Section 1 of this Act applies retroactively to emissions fees assessed by the cabinet for calendar year 2023 emissions. Within 90 days of the effective date of this Act, the cabinet shall refund to a permitted source any emissions fees it paid for calendar year 2023 emissions in contravention of the requirements of subsection (5) of Section 1 of this Act. The cabinet shall not assess or reassess any new fees for calendar year 2023 emissions.

➔Section 3. Whereas it is necessary for the health and welfare of the citizens of the Commonwealth that an air quality program established by an air pollution control board or the Energy and Environment Cabinet be properly maintained and funded, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Veto Overridden March 27, 2025.

CHAPTER 105

(HB 398)

AN ACT relating to occupational safety and health.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 338.062 is amended to read as follows:

~~[After July 1, 2021, neither]~~The Kentucky Occupational Safety and Health Standards board~~,[nor]~~ the secretary***, the secretary's designee, the commissioner, and the commissioner's authorized representative*** shall ***not*** adopt***,*** ~~[or]~~promulgate***, or enforce*** any occupational safety and health administrative regulation that ***the Occupational Safety and Health Administration or the United States Department of Labor has not promulgated, or that*** is more stringent than the corresponding federal provision enforced by the United States Department of Labor under the Occupational Safety and Health Act of 1970. Whereas the Occupational Safety and Health Act of 1970 does not apply to public employees, the cabinet shall retain the authority to promulgate and enforce, as necessary, administrative regulations pertaining to public employees.

➔Section 2. KRS 338.091 is amended to read as follows:

(1) Any party adversely affected or aggrieved by a final order of the review commission may appeal within thirty (30) days to the Franklin Circuit Court on the record for a review of such order. No new evidence may be introduced in the Circuit Court. An appeal may be taken to the Court of Appeals from any decision of the Circuit Court under this section.

(2) ***On appeal, the Franklin Circuit Court may award actual expenses incurred, including court costs and attorney's fees, against the department.***

(3) The department shall promulgate administrative regulations in accordance with KRS Chapter 13A to implement this section. The administrative regulations shall comply with the Equal Access to Justice Act, 28 U.S.C. sec. 2412.

(4) The commencement of ***a proceeding***~~[proceedings]~~ under this section shall ~~[not, unless ordered by the court,]~~operate as a stay of an order of the review commission.

➔Section 3. KRS 338.111 is amended to read as follows:

(1) Representatives~~[A representative]~~ of the employer ***shall be given the opportunity to accompany the commissioner or the authorized representative of the commissioner during the physical inspection of any place of employment as authorized by KRS 338.101.***~~[and]~~

(2) A representative authorized by the employees shall be given an opportunity to accompany the representative of the commissioner during the physical inspection of any place of employment ***related to occupational safety and health*** as authorized by KRS 338.101. If there is no ***representative*** authorized ***by the employees***~~[employee representative]~~ available at the time of ***the physical*** inspection, the commissioner's representative shall consult

with a reasonable number of employees concerning matters ***related to***~~[of]~~ occupational safety and health in the place of employment.

(3) The representative of the commissioner shall be ***responsible for the conduct***~~[in full charge]~~ of the inspection ***and may***~~[, including the right to]~~ limit the number of representatives on the inspection team.

➔Section 4. KRS 338.121 is amended to read as follows:

(1) Any employee, or representative ***authorized by the***~~[of]~~ employees, who believes that a violation of an occupational safety and health standard exists that threatens physical harm, or that an imminent danger exists ***in their workplace***, may request an inspection by giving notice to the commissioner of such violation or danger. Any such notice shall be reduced to writing, shall set forth with reasonable particularity the grounds for the notice***, including the date the violation is alleged to have occurred***, and shall be signed by the employees or ***the*** representative ***authorized by the***~~[of]~~ employees, and a copy shall be provided ***to*** the employer or the employer's agent no later than at the time of inspection, except that, upon ***written***~~[the]~~ request of ***an employee***~~[the person]~~ giving such notice, his or her name ~~[and the names of individual employees referred to therein]~~shall not appear in such copy.

(2) If upon receipt of notification, reasonable grounds ***evidence any***~~[are believed to exist for such]~~ violation or danger ***in the workplace***, then a special inspection shall be made in accordance with the provisions of KRS 338.101 and 338.111. If no reasonable grounds ***evidence a potential***~~[are believed to exist for such]~~ violation ***or***~~[of]~~ danger, then the commissioner shall notify the employee or the representative ***authorized by***~~[of]~~ the employees in writing of such determination.

(3) (a) No person shall discharge or in any manner discriminate against any employee because such employee has filed any complaint or instituted or caused to be instituted any proceeding under or related to this chapter or has testified or is about to testify in any such proceeding or because of the exercise by such employee on behalf of himself or herself or others of any right afforded by this chapter; and

(b) Any employee who believes that he or she has been discharged or otherwise discriminated against by any person in violation of this subsection may, within ***thirty (30) days***~~[a reasonable time]~~ after such violation occurs, file a complaint with the commissioner alleging such discrimination. Upon receipt of such complaint, the commissioner shall cause such investigation to be made as deemed appropriate. If upon such investigation, the commissioner determines that the provisions of this subsection have been violated, he or she shall issue a citation to the employer ***within six (6) months of the occurrence of the violation,*** which may be challenged or contested in accordance with the provisions of this chapter and the review commission may order ~~[all appropriate relief including]~~***the*** rehiring and reinstatement of the employee to his or her former position with back pay.~~[Upon an initial determination by the commissioner that an employee has been discharged by an employer in violation of subsection (3)(a) of this section, the secretary of the Education and Labor Cabinet may order reinstatement of the employee pending a final determination and order of the review commission.]~~

➔Section 5. KRS 338.141 is amended to read as follows:

(1) If upon inspection an authorized representative of the commissioner finds that an employer has violated any requirement of this chapter, a citation shall be issued to the employer. Each citation shall describe ***with particularity*** the alleged violation***, including a reference to the provision of the act, standard, rule, or administrative regulation alleged to have been violated. Each citation shall***~~[,]~~ establish the time period permitted for correction ***of the alleged violation*** by fixing a reasonable date ***for elimination of***~~[by which]~~ the alleged violation ~~[shall be eliminated,]~~and ***may*** propose ***a***~~[the]~~ civil penalty to be paid. If within fifteen (15) working days from the receipt of the citation an employer, employee, or ***the employees'*** representative ~~[of the employees]~~fails to notify the commissioner that he or she intends to contest the citation, then the citation shall be deemed a final order of the review commission and not be subject to review by any court or agency.

(2) Any citation or a notice of a de minimis violation shall be promptly issued after the inspection. A citation or a notice of a de minimis violation shall not be issued more than six (6) months after the occurrence of any alleged violation. As used in this subsection, a de minimis violation is a violation that has no direct or immediate relationship to safety or health. A citation that is issued under this section shall not be classified as a repeated violation when issued more than three (3) consecutive years from the final order date of the previous citation.

(3)~~[(2)]~~ The commissioner, upon determination that an employer is acting in good faith to correct the cited violation, may grant additional time for ***correction***~~[compliance]~~ upon application by the employer.

(4)~~[(3)]~~ If an employer, employee, or ***the employees'*** representative ~~[of the employees]~~notifies the commissioner that he or she intends to challenge a citation issued under this section or under KRS 338.131, the commissioner shall notify the review commission of such notification and the review commission shall afford an opportunity for a hearing.

(5)~~[(4)]~~ In the case of any review proceedings initiated by an employer, employee, or ***the employees'*** representative ~~[of the employees]~~under this chapter, the time period permitted for correction of cited violations ***shall be tolled until the conclusion of the action***~~[may be extended by the review commission]~~.

➔Section 6. KRS 338.991 is amended to read as follows:

(1) Any employer who willfully or repeatedly violates the requirement of any section of this chapter, including any standard, regulation, or order promulgated pursuant to this chapter, may be assessed a civil penalty of up to seventy thousand dollars ($70,000) for each violation, but not less than five thousand dollars ($5,000) for each willful violation.

(2) Any employer who has received a citation for a serious violation of the requirements of any section of this chapter, including any standard, regulation, or order promulgated pursuant to this chapter, shall be assessed a civil penalty of up to seven thousand dollars ($7,000) for each violation.

(3) Any employer who has received a citation for a violation of the requirements of any section of this chapter, including any standard, regulation, or order promulgated pursuant to this chapter, and such violation is specifically determined not to be of a serious nature, may be assessed a civil penalty of up to seven thousand dollars ($7,000) for each violation.

(4) ***Any employer who receives a notice of a de minimis violation of any section of this chapter, including any standard, administrative regulation, or order promulgated pursuant to this chapter, shall not be assessed a civil penalty. As used in this subsection, a de minimis violation is a violation that has no direct or immediate relationship to safety or health.***

(5) Any employer who fails to correct a violation for which a citation has been issued within the period permitted for its correction may be assessed a civil penalty of up to seven thousand dollars ($7,000) for each day during which such failure or violation continues.

(6)~~[(5)]~~ Any employer found to be in violation of subsection (3) of KRS 338.121 shall be assessed a civil penalty of up to ten thousand dollars ($10,000) for each violation.

(7)~~[(6)]~~ The review commission shall have the authority to modify all civil penalties and fines provided for in this chapter. The review commission may, at its discretion, suspend the time period allotted for correction of a violation during the review of an appeal from the violation in question.

(8)~~[(7)]~~ All civil penalties and fines collected under the provision of this chapter shall be paid into the general fund.

(9)~~[(8)]~~ Any employer or individual who knowingly makes any false statement, representation, or certification in any application, record, report, plan, or other document filed or required to be maintained pursuant to this chapter shall, upon conviction, be punished by a fine of not more than ten thousand dollars ($10,000), or by imprisonment for not more than six (6) months, or by both.

(10)~~[(9)]~~ Any person who gives advance notice of any investigation or inspection to be conducted under this chapter, without authority from the commissioner, shall, upon conviction, be punished by a fine of not more than one thousand dollars ($1,000), or by imprisonment for not more than six (6) months, or by both.

(11)~~[(10)]~~ Any employer or individual who willfully causes bodily harm to any authorized representative of the commissioner while attempting to conduct an investigation or inspection under the provisions of this chapter, shall, upon conviction, be punished by a fine of not more than ten thousand dollars ($10,000), or by imprisonment for not more than one (1) year, or by both.

(12)~~[(11)]~~ As used in this section, a serious violation shall be deemed to exist in a place of employment if there is a substantial probability that death or serious physical harm could result from a condition which exists, or from one (1) or more practices, means, methods, operations, or processes which have been adopted or are in use, in such place of employment unless the employer did not, and could not with the exercise of reasonable diligence, know of the presence of the violation.

Veto Overridden March 27, 2025.

CHAPTER 106

(HB 424)

AN ACT relating to employment at public postsecondary education institutions.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 164.360 is amended to read as follows:

(1) (a) Each board of regents for the universities ***shall***~~[may]~~ appoint a president, ~~[and on the recommendation of the president may, in its discretion,]~~appoint all faculty members and employees***,*** and fix their compensation and tenure of service, subject to the provisions of ***subsections (2) to (5)***~~[subsection (2)]~~ of this section. ***Faculty member and employee appointment and removal decisions may be delegated to the president in accordance with policy adopted by each board of regents.***

(b) The board of regents for the Kentucky Community and Technical College System shall appoint a president, ~~[and on the recommendation of the president may, in its discretion,]~~appoint all faculty members and employees***,*** and fix their compensation and tenure of service, subject to the provisions of ***subsections (2) to (5)***~~[subsection (2)]~~ of this section. ***Faculty member and employee appointment and removal decisions may be delegated to the president in accordance with policy adopted by the board of regents.***

(2) ~~[No person shall be employed for a longer period than four (4) years.]~~No person shall be employed at an institution where his ***or her*** relative serves on the board of regents for that institution.

(3) Each board may remove the president of the university or Kentucky Community and Technical College System ***and***~~[, and upon the recommendation of]~~ the president may remove any faculty member or ***employee.***~~[employees, but]~~

(4) No president or faculty member shall be removed except for ***cause, which shall include*** incompetency, neglect of or refusal to perform his ***or her*** duty,~~[or for]~~ immoral conduct***, or failure to meet college or university performance and productivity requirements as determined in accordance with subsection (5) of this section***. A president or faculty member shall not be removed until after ***thirty (30)***~~[ten (10)]~~ days' notice in writing, stating the nature of the charges preferred, and after an opportunity has been given him ***or her*** to make defense before the board by counsel or otherwise and to introduce testimony which shall be heard and determined by the board. Charges against a president shall be preferred by the chairperson of the board upon written information furnished to him ***or her***, and charges against a faculty member shall be preferred in writing by the president unless the offense is committed in his ***or her*** presence.

(5) President and faculty member performance and productivity shall be evaluated at least once every four (4) years using a process approved by each board. Failure to meet performance and productivity requirements may result in removal of a president or faculty member regardless of status. The evaluation process shall be established by each board and provided to all faculty members by January 1, 2026, to become effective July 1, 2026.

➔Section 2. KRS 164.230 is amended to read as follows:

(1) The board of trustees has full power to suspend or remove any of the officers, teachers, professors***,*** or agents that it is authorized to appoint, but no president, professor***,*** or teacher shall be removed except for incompetency, neglect of or refusal to perform his ***or her*** duty, ~~[or for]~~immoral conduct***, or failure to meet college or university performance and productivity requirements as determined in accordance with subsection (2) of this section***. A president, professor***,*** or teacher shall not be removed until after ***thirty (30)***~~[ten (10)]~~ days' notice in writing, stating the nature of the charges preferred, and after an opportunity has been given him ***or her*** to make defense before the board by counsel or otherwise and to introduce testimony which shall be heard and determined by the board. ***Officer, teacher, professor, or agent appointment and removal decisions may be delegated to the president in accordance with policy adopted by the board of trustees.***

(2) President, teacher, and professor performance and productivity shall be evaluated at least once every four (4) years using a process approved by the board. Failure to meet performance and productivity requirements may result in removal of a president, teacher, or professor regardless of status. The evaluation

process shall be established by the board and provided to all faculty members by January 1, 2026, to become effective July 1, 2026.

➔Section 3. KRS 164.830 is amended to read as follows:

(1) The board of trustees of the University of Louisville shall constitute a body corporate, with the usual corporate powers, and shall possess all the authorities, immunities, rights, privileges, and franchises usually attaching to the governing bodies of Kentucky public higher educational institutions. A majority of the voting members of the board shall constitute a quorum for the transaction of business. Powers of the board shall include the following:

(a) Appointment of a president, all faculty members, and other personnel and determination of the compensation, duties, and official relations of each. No relative of a board of trustee member shall be employed by the university. ***Faculty member and personnel appointment decisions may be delegated to the president in accordance with policy adopted by the board of trustees;***

(b) Suspension or removal of the president, officers, faculty, agents, or other personnel that it is authorized to appoint, except that no president, professor, or teacher shall be removed except for incompetence, neglect of or refusal to perform his ***or her*** duty, ~~[or for]~~immoral conduct***, or failure to meet college or university performance and productivity requirements as determined in accordance with paragraph (c) of this subsection. Any***~~[and that the]~~ removal shall be made in accordance with procedures established by law for state institutions. ***Officer, faculty, agent, or other personnel removal decisions may be delegated to the president in accordance with policy adopted by the board of trustees;***

(c) ***Creation of a process requiring the evaluation of the performance and productivity of the president, professors, and teachers at least once every four (4) years. Failure to meet performance and productivity requirements may result in removal of a president, professor, or teacher regardless of status. The evaluation process shall be established by the board and provided to all faculty members by January 1, 2026, to become effective July 1, 2026;***

(d) Election of a chairperson, a vice chairperson to act in the absence or temporary disability of the chairperson, and any other officers as it deems wise, including the annual election of a six (6) member executive committee which shall have the powers that the board delegates to it and shall operate under the rules the board shall establish under its authority to make bylaws, rules, and regulations consistent with this chapter. The committee shall have one (1) member representing the students, faculty, and nonteaching personnel with the group alternating each year. The initial appointment to the executive committee after March 21, 2017, shall be a faculty member, to be followed by a student and a nonteaching personnel, respectively***;***~~[.]~~

(e)~~[(d)]~~ Receipt, retention, and administration, on behalf of the university, subject to the conditions attached, all revenues accruing from endowments, appropriations, allotments, grants or bequests, and all types of property***;***~~[.]~~

(f)~~[(e)]~~ Requirement of reports from the president, officers, faculty, and employees as it deems necessary and proper from time to time***;***~~[.]~~

(g)~~[(f)]~~ Granting degrees to graduates of the university, prescription of conditions upon which postgraduate honors may be obtained, and conferment of honorary degrees***;***~~[.]~~

(h)~~[(g)]~~ The board shall periodically evaluate the institution's progress in implementing its missions, goals, and objectives to conform to the strategic agenda. Officers and officials shall be held accountable for the status of the institution's progress***; and***~~[.]~~

(i)~~[(h)]~~ The board shall adopt bylaws, rules, and regulations for the governance of its members, officers, agents, and employees, which shall reference the member removal and replacement provisions of KRS 63.080, and the board shall enforce obedience to those bylaws, rules, and regulations.

(2) Board members shall receive no compensation for serving on the board, but shall be reimbursed for travel expenses for attending meetings and performing other official functions, consistent with the reimbursement policy for state employees. Board members who reside outside the Commonwealth shall not be reimbursed for out-of-state travel expenses.

(3) The provisions of KRS 164.030, 164.200, and 164.410, shall be applicable to the University of Louisville, except where inconsistent with the purposes of KRS 164.810 to 164.870.

Veto Overridden March 27, 2025.

CHAPTER 107

(HB 495)

AN ACT relating to healthcare services and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 205 IS CREATED TO READ AS FOLLOWS:

Notwithstanding any provision of law to the contrary and unless required under federal law, the Department for Medicaid Services and any managed care organization with whom the department contracts for the delivery of Medicaid services are hereby prohibited from expending any Medicaid funds on any of the following:

(1) Cross-sex hormones in amounts greater than would normally be produced endogenously in a healthy person of the same age and sex; and

(2) Gender reassignment surgery to alter or remove physical or anatomical characteristics or features that are typical for and characteristic of a person's biological sex.

➔Section 2. Notwithstanding any law, administrative regulation, executive order, or directive to the contrary, Executive Order 2024-632 shall be of no force or effect as of the effective date of this Act.

➔Section 3. Notwithstanding any law, administrative regulation, executive order, or directive to the contrary, any administrative regulation, executive order, or directive that is identical to or substantially the same as Executive Order 2024-632 shall be of no force or effect as of the effective date of this Act through January 1, 2028.

➔Section 4. Whereas the General Assembly seeks to protect the rights of all Kentuckians, an emergency is declared to exist, and Sections 2 and 3 of this Act take effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Veto Overridden March 27, 2025.

CHAPTER 108

(HB 546)

AN ACT relating to transportation, making an appropriation therefor, and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 176 IS CREATED TO READ AS FOLLOWS:

As used in this Sections 1 to 5 of this Act:

(1) "County population ranking" has the same meaning as in KRS 154.21-015;

(2) "County roads" has the same meaning as in KRS 178.010;

(3) "Local Assistance Road Program" or "LARP" means a list of rehabilitation projects on county roads, streets, and urban roads identified by the General Assembly for funding grants; and

(4) "Streets" and "urban roads" have the same meaning as in KRS 177.365.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 176 IS CREATED TO READ AS FOLLOWS:

(1) (a) The cabinet shall establish procedures by which a city or county may make application for portions of county roads, streets, and urban roads in its jurisdiction to be considered for grants from the LARP.

(b) A city or county may submit to the cabinet for consideration for the LARP only those rehabilitation projects that bring the road or street back to its original condition and shall not submit projects that increase capacity or involve other improvements over the original design of the road.

(c) The maximum amount of funding that a city or county may receive for any individual project under a LARP grant is five hundred thousand dollars ($500,000).

(d) Beginning on June 1 of each year, a city or county may submit projects for consideration for LARP grants to the cabinet in advance of each regular session of the General Assembly. In order to be considered for funding during a regular session of the General Assembly, the submission shall be made by October 1 of the preceding year. A project submitted in a previous year that was not selected shall be resubmitted under a new application in order to be considered in a future year.

(2) For each project application submitted under subsection (1) of this section, the cabinet shall:

(a) Review the project to ensure it meets the requirements of subsection (1)(b) of this section; and

(b) Evaluate the project in accordance with Section 3 of this Act within thirty (30) days of the submission of the application.

(3) Beginning on July 1 of each year, the cabinet shall submit to the General Assembly through the Legislative Research Commission a list of all project requests submitted under subsection (1) of this section that have been evaluated by the cabinet in the previous month. The list shall be divided into two (2) sections, one (1) section listing projects involving county roads, and one (1) section listing projects involving streets and urban roads. The list shall, at a minimum, include the following information for each project:

(a) The name of the city or county responsible for maintaining the road or street;

(b) A unique project identification number;

(c) The route and highway district where the project is located;

(d) The length of the project to the nearest one-tenth (1/10) of a mile;

(e) A description of the project and the scope of rehabilitation;

(f) The score assigned by the highway district for the project;

(g) A narrative description of the reasoning for the numerical score assigned under paragraph (f) of this subsection;

(h) Photographs of the project area showing the scope of work, with at least one (1) photograph of every three hundred (300) feet of roadway; and

(i) The estimated cost to complete the project.

(4) No later than November 1 of each year, the cabinet shall submit to the General Assembly through the Legislative Research Commission a list of all project requests submitted under subsection (1) of this section for the year, containing the same information listed in subsection (3) of this section.

(5) The General Assembly shall make the final determination of which projects are to be awarded grants under the LARP.

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 176 IS CREATED TO READ AS FOLLOWS:

(1) To evaluate projects submitted for grants under the LARP, the cabinet shall develop a scoring system for the project which assigns a score using a one (1) to ten (10) scale, with higher numbers assigned to projects exhibiting the greatest need.

(2) Each highway district shall use the scoring system developed under this section to evaluate all projects within the highway district, and shall submit a score to the cabinet.

(3) The scoring system developed under this section shall include an evaluation of the following factors:

(a) Preservation of assets, which shall include an evaluation of the current physical condition of the road, including wear and tear, cracking, missing pavement and potholes, roadway and shoulder degradation, and rutting;

(b) Safety;

(c) Cost;

(d) Traffic volume; and

(e) Priority ranking within the highway district.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 176 IS CREATED TO READ AS FOLLOWS:

(1) The cabinet shall use the county population ranking produced every two (2) years by the Cabinet for Economic Development to determine the amount of local matching funds required for grants awarded from the LARP.

(2) The required local match for a project receiving funds from the LARP for projects awarded in the next regular session of the General Assembly shall be as follows:

(a) Eligible projects in counties where the county population ranking is equal to or greater than one hundred ninety-three (193) shall provide local matching funds equal to ten percent (10%) of the project cost;

(b) Eligible projects in counties where the county population ranking is less than one hundred ninety-three (193) but equal to or greater than one hundred forty-five (145) shall provide local matching funds equal to twelve and one-half percent (12.5%) of the project cost;

(c) Eligible projects in counties where the county population ranking is less than one hundred forty-five (145) but equal to or greater than ninety-seven (97) shall provide local matching funds equal to fifteen percent (15%) of the project cost;

(d) Eligible projects in counties where the county population ranking is less than ninety-seven (97) but equal to or greater than forty-nine (49) shall provide local matching funds equal to seventeen and one-half percent (17.5%) of the project cost; and

(e) Eligible projects in counties where the county population ranking is less than forty-nine (49) shall provide local matching funds equal to twenty percent (20%) of the project cost.

(3) A city or county may use funds received under KRS 177.320(2) and 177.365 to provide local matching funds for projects in the LARP.

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 176 IS CREATED TO READ AS FOLLOWS:

(1) The cabinet shall, on a quarterly basis, transmit electronically to the General Assembly through the Legislative Research Commission a report on all activity relating to projects funded through the LARP in a particular year.

(2) The data for each project listed in the report required by subsection (1) of this section shall contain all activity on projects funded through the LARP for that year, and shall also include but not be limited to the following:

(a) The name of the city or county responsible for maintaining the road or street;

(b) A unique project identification number;

(c) The route and highway district where the project is located;

(d) The length of the project to the nearest one-tenth (1/10) of a mile;

(e) A description of the project and the scope of rehabilitation;

(f) The original estimated cost to complete the project;

(g) The status of funding for the project;

(h) If the project has been let, the:

1. Name of the contractor;

2. Contractor's vendor number in the statewide accounting system;

3. Current contract amount; and

4. Current amount earned by the contractor; and

(i) The:

1. Estimated date for completion of the project;

2. Current percentage of work completed based upon time;

3. Actual contract completion date, if applicable; and

4. The final actual cost to complete the project, if applicable.

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 177 IS CREATED TO READ AS FOLLOWS:

(1) The General Assembly finds that:

(a) The I-69 Ohio River Crossing Project, since its inception, was designed to be financed by tolling revenues;

(b) In 2016, the Governors of Kentucky and Indiana signed a memorandum of understanding directing both states to restart the I-69 Ohio River Crossing Project; and

(c) Based on the anticipated cost of the project and the current funding environment, the memorandum of understanding acknowledged that tolling would need to be part of the financial plan to achieve an implementable solution.

(2) No later than July 1, 2025, the Transportation Cabinet shall enter into a new memorandum of understanding with the State of Indiana to use tolling revenues to finance the I-69 Ohio River Crossing project.

➔Section 7. 2024 Ky. Acts ch. 180, Part I, A, 4., (3) Biennial Highway Construction Program, at page 1970, is amended to read as follows:

(3) Biennial Highway Construction Program: Included in the State Supported Construction Program is $535,665,100 in fiscal year 2024-2025 and ***$434,260,500***~~[$435,407,500]~~ in fiscal year 2025-2026 from the Road Fund for state construction projects and the state match for federal projects in the 2024-2026 Biennial Highway Construction Program.

➔Section 8. 2024 Kentucky Acts Chapter 180, Part I, A., 4., (15) Grant Anticipation Revenue Vehicle (GARVEE) Bonds, at page 1972, is amended to read as follows:

(15) Grant Anticipation Revenue Vehicle (GARVEE) Bonds: Included in the above Restricted Funds appropriation is $150,000,000 in fiscal year 2025-2026 for GARVEE Bond Funds to be issued for the I-69 Ohio River Crossing Project ***subject to the provision that funds shall be released contingent on the incorporation of bridge tolling and GARVEE Bond debt service in future financial plans to cover the costs of the project. Reconsideration of this tolling provision may only occur if a federal grant is received to cover the cost of this project***~~[and the completion of the Mountain Parkway Widening Project]~~.

➔Section 9. 2024 Kentucky Acts ch. 180, Part I, A., 4., (16) New Grant Anticipation Revenue Vehicle (GARVEE) Debt Service, at page 1972, is amended to read as follows:

(16) New Grant Anticipation Revenue Vehicle (GARVEE) Debt Service: Included in the above appropriations is $7,584,400 in Federal Funds and $1,896,100 in Road Fund in fiscal year 2025-2026 to support GARVEE Bonds debt service payments relating to the I-69 Ohio River Crossing Project ***subject to the provision that funds shall be released contingent on the incorporation of bridge and GARVEE Bond debt service in future financial plans to cover the costs of the project. Reconsideration of this tolling provision may only occur if a federal grant is received to cover the cost of this project***~~[and the completion of the Mountain Parkway Widening Project]~~.

➔Section 10. 2024 Ky. Acts ch. 180, Part I, A, 4., (17) County Priority Projects Program, at page 1972, is amended to read as follows:

(17) County Priority Projects Program: Included in the State Supported Construction Program is $20,000,000 in~~[each]~~ fiscal year ***2024-2025 and $21,147,000 in fiscal year 2025-2026*** from the Road Fund to establish the County Priority Projects Program to assist with county and city roads. This funding will be contingent on the Transportation Cabinet's submission of projects and approval by the General Assembly. The submission of projects shall include a detailed listing of qualified projects that were ranked either an 8, 9, or 10 to be completed using funds from the Highway Construction Contingency Account by November 1 of each fiscal year. Projects received after December 1 of each fiscal year may not be included in the following year's County Priority Projects Program.

The County Priority Projects for fiscal year 2024-2025 are the projects approved and itemized in 2024 Regular Session HJR 92. Notwithstanding KRS 48.710, any unexpended funds in fiscal year 2024-2025 shall not lapse and shall carry forward to fiscal year 2025-2026.

The Transportation Cabinet shall provide an additional report to the Legislative Research Commission and the Interim Joint Committee on Appropriations and Revenue detailing any project submitted to be completed using funds

from the Highway Construction Contingency Account within 30 days after it has been ranked and shall detail the work requested, the county that requested the project, and the date the request was received.

When a County Priority Project is completed, the Transportation Cabinet shall notify the Legislative Research Commission and the Interim Joint Committee on Appropriations and Revenue in writing.

➔Section 11. 2024 Kentucky Acts ch. 180, Part I, A., 4., (27) Funding for Mega Projects, at page 1973, is amended to read as follows:

(27) Funding for Mega Projects: It is the intent of the General Assembly that no funds for any projects involving the Mountain Parkway~~[, the I-69 Ohio River Crossing,]~~ or the Hal Rogers Parkway shall be expended unless those projects first acquire a federal grant.

➔Section 12. Because portions of this Act amend the current Transportation Cabinet budget, an emergency is declared to exist, and Sections 7 to 11 of this Act take effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Vetoed in Part and Overridden March 27, 2025.

CHAPTER 109

(HB 552)

AN ACT relating to economic development.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 7 IS CREATED TO READ AS FOLLOWS:

(1) The Kentucky-Ireland Trade Commission of the General Assembly is hereby established. The purpose of the commission shall be to:

(a) Advance bilateral trade and investment between Kentucky and Ireland;

(b) Initiate joint action on policy issues of mutual interest to Kentucky and Ireland;

(c) Promote business and academic exchanges between Kentucky and Ireland;

(d) Encourage mutual economic development support between Kentucky and Ireland;

(e) Encourage mutual infrastructure investment in Kentucky and Ireland; and

(f) Address other issues as determined by the commission.

(2) The commission shall be composed of eleven (11) members. The manner of appointment and terms of the members shall be as follows:

(a) Four (4) members shall be appointed by the Governor, to serve for a term of four (4) years and until their successors are appointed. Three (3) of these members shall include:

1. One (1) member from a public postsecondary institution; and

2. Two (2) members representing the Irish-American community or interests, who shall not be members of the same political party;

(b) The president of the Kentucky Chamber of Commerce or his or her designee;

(c) Two (2) members of the Senate appointed by the President of the Senate and one (1) member of the Senate appointed by the Minority Floor Leader of the Senate, who have knowledge of or current or past involvement in organizations that promote Irish affairs or who have interest in the well-being of trade relations between Kentucky and Ireland; and

(d) Two (2) members of the House of Representatives appointed by the Speaker of the House of Representatives and one (1) member of the House of Representatives appointed by the Minority Floor Leader of the House of Representatives, who have knowledge of or current or past involvement

in organizations that promote Irish affairs or who have interest in the well-being of trade relations between Kentucky and Ireland.

(3) The commission has authority to:

(a) Meet monthly upon agreement of the co-chairs;

(b) Seek comment, testimony, documents, records, or other information from various government agencies and organizations representing Irish affairs to identify policy issues of mutual interest to Kentucky and Ireland; and

(c) Provide research-driven policy proposals and actionable items when areas of development or improvement are identified.

(4) The President of the Senate and the Speaker of the House of Representatives shall each designate one (1) co-chair of the commission from among that chamber's members appointed to the commission.

(5) Any vacancy which may occur in the membership of the commission shall be filled within thirty (30) days, in the same manner as the original appointment, for the balance of the expired term.

(6) A majority of the entire membership of the commission shall constitute a quorum.

(7) All initial appointments to the commission shall be made no later than July 1, 2025. All initial legislative appointments shall remain until January 1, 2027. All subsequent appointments of legislative members shall be in January of each odd-numbered year.

(8) Each nonlegislative member shall be entitled to compensation for his or her service in an amount of one hundred dollars ($100) for each regularly scheduled meeting of the commission he or she attends, and shall be entitled to reimbursement for all necessary expenses in connection with the performance of his or her duties.

(9) The Legislative Research Commission shall have exclusive jurisdiction over the employment of personnel necessary to carry out this section.

(10) The commission shall report its findings and recommendations to the Governor and the Legislative Research Commission within one (1) year of its organizational meeting, and by December 1 of each year thereafter regarding any potential legislative or administrative actions with respect to their findings.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 45A IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "License agreement" means an agreement for a marina operator to use land owned or leased by the Commonwealth as a state marina;

(b) "Marina facilities" means buildings or structures at a marina used to access navigable waterways, store or dock boats, or provide services to boat owners including but not limited to docks, ramps, piers, stores, and restaurants, and refueling, washing, and repairing facilities;

(c) "Marina operator" means an owner of marina facilities at a state marina or an operator of a state marina; and

(d) "State marina" means a marina located on land owned or leased by the Commonwealth and that is considered to be part of the Kentucky Department of Parks.

(2) The Finance and Administration Cabinet may renew or extend a license agreement with a marina operator without otherwise complying with the provisions of this chapter, provided that the following criteria are met:

(a) The marina operator has fulfilled all of his or her obligations under the license agreement;

(b) The marina operator is in good standing with the Kentucky Department of Parks; and

(c) The Finance and Administration Cabinet determines, in writing, that it is in the best interest of the Commonwealth to enter into a license agreement with the marina operator.

➔Section 3. KRS 91A.360 is amended to read as follows:

(1) The commission established pursuant to KRS 91A.350(2) shall be composed of seven (7) members to be appointed, in accordance with the method used to establish the commission. Members of a commission

established by joint action of the local governing bodies of a county and a city or cities located therein shall be appointed, jointly, by the chief executive officers of the local governing bodies that established the commission. Members of a commission established by separate action of the local governing body of a county or a city located therein shall be appointed separately by the chief executive officer of the local governing body that established the commission. The chief executive officer of a city shall mean the mayor and the chief executive officer of a county shall mean the county judge/executive. Appointments to a commission shall be made by the appropriate chief executive officer or officers in the following manner:

(a) Two (2) commissioners shall be appointed from a list of three (3) or more names submitted by the local city hotel and motel association and one (1) commissioner shall be appointed from a list of three (3) or more names submitted by the local county hotel and motel association, provided that if only one (1) local hotel and motel association exists which covers both the city and county, then three (3) commissioners shall be appointed from a list of six (6) or more names submitted by it. If no formal local city or county hotel and motel association is in existence upon the establishment of a commission or upon the expiration of the term of a commissioner appointed pursuant to this subsection, then up to three (3) commissioners shall be appointed by the appropriate chief executive officer or officers from persons residing within the ***county or city***~~[jurisdiction]~~ of the commission and representing local hotels or motels. A local city or county hotel and motel association shall not be required to be affiliated with the Kentucky Hotel and Motel Association to be recognized as the official local city or county hotel and motel association***;***~~[.]~~

(b) One (1) commissioner shall be appointed from a list of three (3) or more names submitted by the local restaurant association or associations. If no formal local restaurant association or associations exist upon the establishment of a commission or upon the expiration of the term of a commissioner appointed pursuant to this subsection, then one (1) commissioner shall be appointed by the appropriate chief executive officer or officers from persons residing within the ***county or city***~~[jurisdiction]~~ of the commission and representing a local restaurant. A local restaurant association or associations shall not be required to be affiliated with the Kentucky Restaurant Association to be recognized as the official local restaurant association or associations***;***~~[.]~~

(c) One (1) commissioner shall be appointed from a list of three (3) or more names submitted by the chamber or chambers of commerce existing within those governmental units, which by joint or separate action have established the commission. If the commission is established by joint action of a county and a city or cities, then each chamber of commerce shall submit a list of three (3) names, and the chief executive officers of the participating governmental units shall jointly appoint one (1) commission member from the aggregate list. If no local chamber of commerce is in existence upon the establishment of a commission or upon the expiration of the term of a commissioner appointed pursuant to this subsection, then one (1) commissioner shall be appointed by the appropriate chief executive officer or officers from persons residing within the ***county or city***~~[jurisdiction]~~ of the commission and representing local businesses***; and***~~[.]~~

(d) Two (2) commissioners shall be appointed in the following manner:

1. By the chief executive officer of the county or city, if the commission has been established by separate action of a county or city; or

2. One (1) each by the chief executive officer of the county and by the chief executive officer of the most populous city participating in the establishment of the commission, if the commission has been established by joint action of a county and a city or cities.

(2) A candidate submitted for appointment to the commission, pursuant to subsection (1)(a) to ~~[(1)]~~(c) ***of this section***, shall be appointed by the appropriate chief executive officer or officers within thirty (30) days of the receipt of the required list or lists. Vacancies shall be filled in the same manner that original appointments are made.

(3) The commissioners shall be appointed for terms of three (3) years, provided, that in making the initial appointments, the appropriate chief executive officer or officers shall appoint two (2) commissioners for a term of three (3) years, two (2) commissioners for a term of two (2) years and three (3) commissioners for a term of one (1) year. There shall be no limitation on the number of terms to which a commissioner is reappointed. Subsequent appointments shall be for three (3) year terms.

(4) The commission shall elect from its membership a ***chair***~~[chairman]~~ and a treasurer, and may employ personnel and make contracts necessary to carry out the purpose of KRS 91A.345 to 91A.394. The contracts may

include[,] but shall not be limited to[,] the procurement of promotional services, advertising services, and other services and materials relating to the promotion of tourist and convention business. Contracts of the type enumerated shall be made only with persons, organizations, and firms with experience and qualifications for providing promotional services and materials, such as advertising firms, chambers of commerce, publishers, and printers.

(5) The books of the commission and its account as established in KRS 91A.390(2) shall be audited as provided in KRS 65A.030. The independent certified public accountant or Auditor of Public Accounts shall make a report to the commission, to the associations submitting lists of names from which commission members are selected, to the appropriate chief executive officer or officers, to the[State] Auditor of Public Accounts, and to the local governing body or bodies that established the commission that was audited. A copy of the audit report shall be made available by the commission to members of the public upon request and at no charge.

(6) A commissioner may be removed from office, by joint or separate action, of the appropriate chief executive officer or officers of the local governing body or bodies that established the commission, as provided by KRS 65.007.

(7) The commission shall comply with the provisions of KRS 65A.010 to 65A.090.

➔Section 4. KRS 91A.390 is amended to read as follows:

(1) (a) The commission shall annually submit to the local governing body or bodies which established it a request for funds for the operation of the commission.

(b) The local governing body or bodies shall include the commission in the annual budget and shall provide funds for the operation of the commission by imposing a transient room tax on the rent for every occupancy of a suite, room, rooms, cabins, lodgings, campsites, or other accommodations charged by any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or any other place in which accommodations are regularly furnished to transients for consideration or by any person that facilitates the rental of the accommodations by brokering, coordinating, or in any other way arranging for the rental of the accommodations as follows:

1. For a local governing body or bodies, other than an urban-county government, the tax rate shall not exceed three percent (3%); and

2. For an urban-county government, the tax rate shall not exceed four percent (4%).

(c) In addition to the three percent (3%) levy authorized by paragraph (b)1. of this subsection, the local governing body other than an urban-county government may impose a special transient room tax not to exceed one percent (1%) for the purposes of:

1. Meeting the operating expenses of a convention center; and

2. In the case of a consolidated local government, financing the renovation or expansion of a convention center that is government-owned and located in the central business district of the consolidated local government, except that if a consolidated local government imposes the special transient room tax authorized under this paragraph on or after August 1, 2014, revenue derived from the levy shall not be used to meet the operating expenses of a convention center until any debt issued for financing the renovation or expansion of a government-owned convention center located in the central business district of the consolidated local government is retired.

(d) Transient room taxes shall not apply to rooms, lodgings, campsites, or accommodations supplied for a continuous period of thirty (30) days or more to a person.

(e) The local governing body or bodies that have established a commission by joint or separate action shall enact an ordinance for the enforcement of the tax measure enacted pursuant to this section and the collection of the proceeds of this tax measure on a monthly basis.

(2) All moneys collected pursuant to this section and KRS 91A.400 shall be maintained in an account separate and unique from all other funds and revenues collected, and shall be considered tax revenue for the purposes of KRS 68.100 and KRS 92.330.

(3) A portion of the money collected from the imposition of this tax, as determined by the tax levying body, upon the advice and consent of the tourist and convention commission, may be used to finance the cost of acquisition, construction, operation, and maintenance of facilities useful in the attraction and promotion of

tourist and convention business, including projects described in KRS 154.30-050(2)(a). The balance of the money collected from the imposition of this tax shall be used for the purposes set forth in KRS 91A.350. Proceeds of the tax shall not be used as a subsidy in any form to any hotel, motel, inn, motor court, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or any other person furnishing accommodations, or restaurant, except as provided in KRS 154.30-050(2)(a)3.c. Money not expended by the commission during any fiscal year shall be used to make up a part of the commission's budget for its next fiscal year.

(4) A county with a city of the first class may impose an additional tax, not to exceed one and one-half percent (1.5%) of the rent. This additional tax, if approved by the local governing body, shall be collected and administered in the same manner as the tax authorized by subsection (1)(b) of this section and shall be used for the purpose of funding additional promotion of tourist and convention business.

(5) An urban-county government may impose an additional tax, not to exceed one percent (1%) of the rents included in this subsection. This additional tax shall be collected and administered in the same manner as the tax authorized by subsection (1)(b) of this section with the exception that this additional tax shall be used for the purpose of funding the purchase of development rights program provided for under KRS 67A.845.

(6) Local governing bodies which have formed multicounty tourist and convention commissions as provided by KRS 91A.350(3) may impose an additional tax~~[, not to exceed one percent (1%) of the rents]~~. This additional tax, if approved by each governing body, shall be collected and administered in the same manner as the tax authorized by subsection (1)(b) of this section, with the exception that this additional tax shall ***not be subject to a tax rate cap and shall*** be used for the purpose of funding regional efforts relating to***:***

(a) The promotion of tourist and convention business and convention centers***; or***

(b) The construction, maintenance, repair, renovation, improvement, expansion, acquisition, development, promotion, or operation of real property, personal property, or facilities within the jurisdiction of the multicounty tourist and convention commission in order to encourage tourism, visitation, recreation, or economic development.

In no event shall any revenues collected as provided for under KRS 91A.350(3) be utilized for the construction, renovation, maintenance, or additions to any convention center that is located outside the boundaries of the Commonwealth of Kentucky.

(7) The commission, with the approval of the tax levying body, may borrow money to pay its obligations that cannot be paid at maturity out of current revenue from the transient room tax, but shall not borrow a sum greater than can be repaid out of the revenue anticipated from the transient room tax during the year the money is borrowed. The commission may pledge its securities for the repayment of any sum borrowed.

(8) The fiscal court or legislative body of a consolidated local government or city establishing a commission pursuant to KRS 91A.350(1) or (2) and, in its own name, a commission established pursuant to of KRS 91A.350(1) is authorized and empowered to issue revenue bonds pursuant to KRS Chapter 58 for public projects. Bonds issued for the purposes of KRS 91A.345 to 91A.394, may be used to pay any cost for the acquisition of real estate, the construction of buildings and appurtenances, the preparation of plans and specifications, and legal and other services incidental to the project or to the issuance of the bonds. The payment of the bonds, with interest, may be secured by a pledge of and a first lien on all of the receipts and revenue derived, or to be derived, from the rental or operation of the property involved. Bond and interest obligations issued pursuant to this section shall not constitute an indebtedness of the county, consolidated local government, or city. All bonds sold under the authority of this section shall be subject to competitive bidding as provided by law, and shall bear interest at a rate not to exceed that established for bonds issued for public projects under KRS Chapter 58.

(9) A commission established pursuant to KRS 91A.350(3) is authorized and empowered to issue revenue bonds in its own name, payable solely from its income and revenue, pursuant to KRS Chapter 58 for revenue bonds for public projects. Bonds issued for the purposes of KRS 91A.345 to 91A.394, may be used to pay any cost for the acquisition of real estate, the construction of buildings and appurtenances, the preparation of plans and specifications, and legal and other services incidental to the project or to the issuance of the bonds. The payment of the bonds, with interest, may be secured by a pledge of and a first lien on all of the receipts and revenue derived, or to be derived, from the rental or operation of the property involved. Bond and interest obligations issued pursuant to this section shall not constitute an indebtedness of the county. All bonds sold pursuant to this section shall be subject to competitive bidding as provided by law, and shall not bear interest at rates exceeding those for bonds issued for public projects under KRS Chapter 58.

➔Section 5. KRS 154.90-010 is amended to read as follows:

(1) The Northern Kentucky Convention Center Corporation is hereby established to develop and manage the Northern Kentucky Convention Center. The corporation shall be attached to the Tourism, Arts and Heritage Cabinet for administrative purposes. The corporation shall be directed by a board consisting of ***eleven (11)***~~[seven (7)]~~ members appointed as follows:

(a) The county ***judges/executive***~~[judge/executives]~~ of Kenton, Campbell***,*** and Boone Counties, with the approval of their respective fiscal courts, shall each appoint ***two (2) members***~~[one (1) member]~~ to the board~~[. An appointee under this subsection shall have demonstrated successful business experience in a field related to the convention business]~~;

(b) The mayor of the city within which the convention center is located shall appoint one (1) member, with the approval of the city commission; and

(c) The Governor shall appoint ***four (4)***~~[three (3)]~~ members.

(d) One (1) of the initial appointees of the Governor shall have a one (1) year term, one (1) shall have a two (2) year term, and one (1) shall have a three (3) year term. All other appointments, and all subsequent appointments by the Governor, shall be for four (4) year terms.

(e) Members may be removed by the appointing authority only for cause and after being afforded notice, a hearing, and a finding of fact by the appointing authority. A copy of charges, transcript of the record of the hearings, and findings of fact shall be filed with the Secretary of State.

(2) The Northern Kentucky Convention Center Corporation shall be a body corporate with full corporate powers. A quorum of the corporation shall consist of four (4) members, with a majority of members present authorized to act upon any matter legally before the corporation. Minutes and records shall be kept of all meetings of the corporation and all official actions shall be recorded.

(3) The corporation may enact bylaws concerning the election of officers and other administrative procedures it deems necessary.

Veto Overridden March 27, 2025.

CHAPTER 110

(HB 695)

AN ACT relating to the Medicaid program and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 205.5372 is amended to read as follows:

(1) Notwithstanding any provision of law to the contrary, ***including but not limited to Sections 2 and 3 of this Act,*** the cabinet shall not***, unless required by federal law,*** exercise the state's option to develop a basic health program as permitted under 42 U.S.C. sec. 18051 ***or make any change to eligibility, coverage, or benefits in the Medicaid program, including by pursuing or applying for a waiver of federal Medicaid law under Title 42 of the United States Code, seeking to amend or renew an existing waiver granted under Title 42 of the United States Code, or pursuing a state plan amendment,*** without first obtaining specific authorization from the General Assembly to do so.

(2) If the cabinet seeks authorization from the General Assembly to establish a basic health program, apply for a waiver under Title 42 of the United States Code, amend an existing waiver granted under Title 42 of the United States Code, submit a state plan amendment, or make any other change to eligibility, coverage, or benefits in the Medicaid program, the cabinet shall submit a detailed assessment of the potential fiscal impact of the change for which it is seeking authorization to the Legislative Research Commission for referral to the Medicaid Oversight and Advisory Board, the Interim Joint Committee on Appropriations and Revenue, the Interim Joint Committee on Families and Children, the Interim Joint Committee on Health Services, and the Office of Budget Review. The fiscal impact assessment required by this subsection shall include a review of any anticipated expenditures related to the change and any projected savings that may be generated by the change for at least two (2) consecutive state fiscal years.

(3) If the cabinet seeks authorization from the General Assembly to renew an existing waiver granted under Title 42 of the United States Code, the cabinet shall be required to submit a fiscal impact assessment as described in subsection (2) of this section and an assessment of the efficacy and necessity of the existing waiver. The assessments required by this subsection shall be submitted to the Legislative Research Commission for referral to the Interim Joint Committee on Appropriations and Revenue, the Interim Joint Committee on Families and Children, the Interim Joint Committee on Health Services, and the Office of Budget Review at least twelve (12) calendar months prior to the date on which the existing waiver is set to expire.

(4) (a) This section shall not be interpreted as limiting the General Assembly's ability to direct the cabinet to make changes to the Medicaid program, including but not limited to changes to existing waivers, eligibility, coverage, or benefits.

(b) Any act of the General Assembly directing the Cabinet for Health and Family Services or the Department for Medicaid Services to make a change to the Medicaid program shall constitute authorization for that change as required by subsection (1) of this section.

(5) (a) This section shall not be interpreted as limiting the cabinet's ability to make changes to the Medicaid program that it determines are necessary:

1. To comply with any requirements that may be imposed by federal law or by the federal Centers for Medicare and Medicaid Services;

2. In response to a national emergency declaration issued by the President of the United States;

3. In response to a federal disaster declaration issued by the President of the United States; or

4. In response to a state of emergency declared by the Governor of the Commonwealth.

(b) If the cabinet determines that a change to the Medicaid program is necessary to comply with requirements imposed by federal law, the cabinet shall, at least ninety (90) days prior to implementing the necessary changes, submit an assessment of the potential fiscal impact, as described in subsection (2) of this section, of those changes to the Legislative Research Commission for referral to the Medicaid Oversight and Advisory Board, the Interim Joint Committee on Appropriations and Revenue, the Interim Joint Committee on Families and Children, the Interim Joint Committee on Health Services, and the Office of Budget Review.

(c) If the cabinet determines that a change to the Medicaid program is necessary to respond to a national emergency declaration or federal disaster declaration issued by the President of the United States or a state of emergency declared by the Governor of the Commonwealth, any such change shall be temporary in nature and shall only be in effect for the duration of the emergency or disaster declaration.

(6) Subsection (1) of this section shall not apply to:

(a) Medicaid directed or supplemental payment programs initially approved by the federal Centers for Medicare and Medicaid Services prior to the effective date of this Act, including but not limited to:

1. Those payment programs established in KRS 205.5601 to 205.5603, 205.6405 to 205.6408, 205.6411, and 205.6412, and 907 KAR 10:015 and 907 KAR 10:830; and

2. Any other payment program for a university hospital as defined in KRS 205.639; or

(b) The Medicaid preferred drug list established by the Department for Medicaid Services as required under KRS 205.5514.

(7) As used in this section, the term "Medicaid program" includes the Kentucky Medical Assistance Program established in KRS 205.510 to 205.5630 and the Kentucky Children's Health Insurance Program established in KRS 205.6483.

➔Section 2. KRS 205.460 is amended to read as follows:

(1) The cabinet shall fund, directly or through a contracting entity or entities, in each district, a program of essential services which shall have as its primary purpose the prevention of unnecessary institutionalization of functionally impaired elderly persons. The cabinet may use funds appropriated under this section to contract with public and private agencies, long-term care facilities, local governments, and other providers to provide

core and essential services. The cabinet may provide core and essential services when such services cannot otherwise be purchased.

(2) In providing essential services, all existing community resources available to functionally impaired elderly persons shall be utilized. Additional services may be provided, but shall not be funded from funds appropriated under this section. Volunteers may be used where practicable to provide essential services to functionally impaired elderly persons. The cabinet or contracting entity shall provide or arrange for the provision of training and supervision of volunteers to ensure the delivery of quality services. The cabinet or contracting entity shall provide or arrange for appropriate insurance coverage to protect volunteers from personal liability while acting within the scope of their volunteer duties. In providing essential services under this section, the cabinet shall provide services to meet the needs of the minority elderly as identified by the cabinet pursuant to KRS 205.201.

(3) Entities contracting with the cabinet to provide essential services under KRS 205.455 and this section shall provide a minimum of fifteen percent (15%) of the funding necessary for the support of program operations. No local match is required for assessment and case management. Local contributions, whether materials, commodities, transportation, office space, personal services, or other types of facilities services, or funds may be evaluated and counted toward the fifteen percent (15%) local funding requirements.

(4) When possible, funding for core services may be obtained under:

(a) The Comprehensive Annual Social Services Program plan under Title XX of the Social Security Act;

(b) The Medical Assistance Plan under Titles XVIII and XIX of the Social Security Act;

(c) The State Plan on Aging under the Older Americans Act; or

(d) Veteran's benefit programs under the provisions of 38 U.S.C. ***sec.***~~[secs.]~~ 1 et seq., as amended.

The cabinet may***, except as provided in Section 1 of this Act,*** seek federal waivers if necessary to enable the use of funds provided through Titles XVIII and XIX of the Social Security Act for the provision of essential services.

(5) Providers contracting with the cabinet to provide essential services shall be responsible for the collection of fees and contributions for services in accordance with administrative regulations promulgated by the cabinet. Providers are authorized to assess and collect fees for services rendered in accordance with those administrative regulations. To help pay for essential services received, a functionally impaired elderly person shall pay an amount of money based on an overall ability to pay in accordance with a schedule of fees established by the cabinet. Fees shall reflect the degree to which the cabinet or contracting entity uses volunteers in the provision of services. Where essential services are provided by volunteers, fees shall only be assessed in an amount that will cover the cost of materials and other goods used in the provision of services. The cost of materials and other goods used by volunteers shall be reasonably similar to the cost of goods when paid personnel are used. Fees shall not be required of any person who is "needy aged" as defined in KRS 205.010; however, voluntary contributions may be encouraged. This subsection shall not apply to programs utilizing federal funds when administrative regulations require contributions to revert to the original funding source.

➔Section 3. KRS 205.520 is amended to read as follows:

(1) KRS 205.510 to 205.630 shall be known as the "Medical Assistance Act."

(2) The General Assembly of the Commonwealth of Kentucky recognizes and declares that it is an essential function, duty, and responsibility of the state government to provide medical care to its indigent citizenry; and it is the purpose of KRS 205.510 to 205.630 to provide such care.

(3) Further, it is the policy of the Commonwealth to take advantage of ~~[all]~~federal funds that may be available for medical assistance. To qualify for federal funds the secretary for health and family services may***, except as provided in Section 1 of this Act,*** by regulation comply with any requirement that may be imposed or opportunity that may be presented by federal law. Nothing in KRS 205.510 to 205.630 is intended to limit the secretary's power in this respect.

(4) It is the intention of the General Assembly to comply with the provisions of Title XIX of the Social Security Act which require that the Kentucky Medical Assistance Program recover from third parties which have a legal liability to pay for care and services paid by the Kentucky Medical Assistance Program.

(5) The Kentucky Medical Assistance Program shall be the payor of last resort and its right to recover under KRS 205.622 to 205.630 shall be superior to any right of reimbursement, subrogation, or indemnity of any liable third party.

➔Section 4. KRS 205.5371 is amended to read as follows:

(1) The cabinet, to the extent permitted under federal law, shall~~[no later than April 15, 2023,]~~ implement a ***mandatory*** community engagement ***waiver*** program for able-bodied adults without dependents who have been enrolled in the state's medical assistance program for more than twelve (12) months.

(2) If the federal Centers for Medicare and Medicaid Services approves the implementation of a ***mandatory*** community engagement ***waiver*** program pursuant to subsection (1) of this section:

(a) The program may, for the purpose of defining qualifying community engagement activities, utilize the same requirements established in 7 C.F.R. sec. 273.24;

(b) Participation in the job placement assistance program established in KRS 151B.420 shall constitute qualifying community engagement activities; and

(c) The cabinet shall, on a monthly basis, provide the Education and Labor Cabinet with the name and contact information of each individual participating in the community engagement program.

(3) ***(a) The cabinet is hereby authorized, as is required under Section 1 of this Act, and is directed to submit a waiver application to the Centers for Medicare and Medicaid Services requesting approval to establish the mandatory community engagement waiver program for able-bodied adults without dependents described in subsections (1) and (2) of this section within ninety (90) days after the effective date of this Act.***

(b) As required in Section 6 of this Act, the cabinet shall provide a copy and summary of the waiver application submitted pursuant to this section to the Legislative Research Commission for referral to the Medicaid Oversight and Advisory Board, the Interim Joint Committee on Appropriations and Revenue, and the Interim Joint Committee on Health Services concurrent with submitting the application to the Centers for Medicare and Medicaid Services and shall provide an update on the status of the application at least quarterly.

(4) As used in this section, "able-bodied adult without dependents" means an individual who is:

(a) Over eighteen (18) years of age but under sixty (60) years of age;

(b) Physically and mentally able to work as determined by the cabinet; and

(c) Not primarily responsible for the care of a dependent child under the age of eighteen (18) or a dependent disabled adult relative.

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 205 IS CREATED TO READ AS FOLLOWS:

(1) There is hereby established within the Cabinet for Health and Family Services a restricted fund to be known as the Kentucky Medicaid pharmaceutical rebate fund. All moneys received by the Cabinet for Health and Family Services or the Department for Medicaid Services as compensation or rebate, including supplemental rebates, from a pharmaceutical drug manufacturer, the state pharmacy benefit manager contracted by the department pursuant to KRS 205.5512, or any other third-party entity contracted to administer or assist in administering any aspect of the Medicaid program, minus any remittance that may be owed to the federal government, shall be deposited into the fund.

(2) Moneys deposited into the fund shall be expended by the Department for Medicaid Services in accordance with federal law.

(3) Notwithstanding KRS 45.229, moneys in the Kentucky Medicaid pharmaceutical rebate fund at the close of state fiscal year 2024-2025 and state fiscal year 2025-2026 shall not lapse but shall be carried forward into the next fiscal year.

➔Section 6. KRS 205.525 is amended to read as follows:

(1) Concurrent with submitting an application for a waiver,~~[or]~~ waiver amendment***, waiver renewal,*** or a request for a ***state*** plan amendment to any federal agency that approves waivers, waiver amendments, ***waiver renewals, or***~~[and]~~ ***state*** plan amendments, the cabinet shall provide to the ***Legislative Research Commission for referral to the Medicaid Oversight and Advisory Board, the*** Interim Joint Committee on Health Services, and ~~[to]~~ the Interim Joint Committee on Appropriations and Revenue a copy, summary, and statement of

benefits of the application for a waiver,~~[or]~~ waiver amendment***, waiver renewal,*** or request for a ***state*** plan amendment.

(2) The cabinet shall provide an update on the status of the application for a waiver,~~[or]~~ waiver amendment***, waiver renewal,*** or request for a ***state*** plan amendment to the Legislative Research Commission upon request.

(3) If the cabinet is expressly directed by the General Assembly to submit an application for a waiver,~~[or]~~ waiver amendment***, waiver renewal,*** or a request for a ***state*** plan amendment to any federal agency that approves waivers, waiver amendments, ***waiver renewals,*** or ***state*** plan amendments for public assistance programs administered under this chapter and that application or request is denied by the federal agency, the cabinet shall notify the Legislative Research Commission of the reasons for the denial. If instructed by the General Assembly through legislative action during the next legislative session, the cabinet shall resubmit, with or without modifications based on instructions from the General Assembly, the application for a waiver,~~[or]~~ waiver amendment***, waiver renewal,*** or request for a ***state*** plan amendment.

➔Section 7. KRS 205.6328 is repealed, reenacted, and amended to read as follows:

(1) ***(a) A Medicaid managed care contract entered into by the Department for Medicaid Services on or after the effective date of this Act, shall not be valid, and a payment to a Medicaid managed care vendor by the Finance and Administration Cabinet or the Cabinet for Health and Family Services shall not be made, unless the Medicaid managed care contract contains a provision that the contractor shall collect Medicaid expenditure data by the categories of services paid for by the Medicaid Program. Actual statewide Medicaid expenditure data by all categories of Medicaid services, including mandated and optional Medicaid services, special expenditures and offsets, recoupments and clawbacks, and disproportionate share hospital payments by type of hospital, shall be compiled by the Department for Medicaid Services for all Medicaid providers and forwarded to the Legislative Research Commission for referral to the Medicaid Oversight and Advisory Board, the Interim Joint Committee on Appropriations and Revenue, the Interim Joint Committee on Families and Children, the Interim Joint Committee on Health Services, and the Office of Budget Review on a quarterly basis. Projections of Medicaid expenditures by categories of Medicaid services shall be provided to the Medicaid Oversight and Advisory Board, the Interim Joint Committee on Appropriations and Revenue, the Interim Joint Committee on Families and Children, the Interim Joint Committee on Health Services, and the Office of Budget Review upon request.***

(b) Medicaid expenditure data required to be collected and reported pursuant to paragraph (a) of this subsection shall include expenditures made by any third-party administrator contracted by a managed care organization to assist in providing services and benefits to Medicaid beneficiaries, including but not limited to any dental benefit administrator, vision benefit administrator, hearing benefit administrator, or transportation benefit administrator.

(2) The Department for Medicaid Services shall submit a quarterly budget analysis report to the Legislative Research Commission for referral to the Medicaid Oversight and Advisory Board, the Interim Joint Committee on Appropriations and Revenue, the Interim Joint Committee on Families and Children, the Interim Joint Committee on Health Services, and the Office of Budget Review no later than seventy-five (75) days after the end of each quarter. The report shall provide monthly detail of actual expenditures, eligibles, and average monthly cost per eligible by eligibility category along with current trailing twelve (12) month averages for each of these figures. The report shall also provide actual figures for all categories of noneligible-specific expenditures such as supplemental medical insurance premiums, Kentucky patient access to care, nonemergency transportation, drug rebates, cost settlements, and disproportionate share hospital payments by type of hospital. The report shall compare the actual expenditure experience with those underlying the enacted or revised enacted budget and explain any significant variances which may occur.

(3) (a) Except as provided in KRS 61.878, all records and correspondence relating to Kentucky Medicaid, revenues derived from Kentucky Medicaid funds, and expenditures utilizing Kentucky Medicaid funds of a Medicaid managed care company operating within the Commonwealth shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. This subsection shall not apply to any records and correspondence relating to Medicaid specifically prohibited from disclosure by the federal Health Insurance Portability and Accountability Act privacy rules.

(b) No later than sixty (60) days after the end of each quarter, each Medicaid managed care company operating within the Commonwealth shall prepare and submit to the Department for Medicaid Services sufficient information to allow the department to meet the following requirements ninety

(90) days after the end of each quarter. The department shall forward to the Legislative Research Commission for referral to the Medicaid Oversight and Advisory Board, the Interim Joint Committee on Appropriations and Revenue, the Interim Joint Committee on Families and Children, the Interim Joint Committee on Health Services, and the Office of Budget Review a quarterly report detailing monthly actual expenditures by service category, monthly eligibles, and average monthly cost per eligible for Medicaid and the Kentucky Children's Health Insurance Program along with current trailing twelve (12) month averages for each of these figures. The report shall also provide actual figures for other categories such as pharmacy rebates and reinsurance. Finally, the department shall include in this report the most recent information or report available regarding the amount withheld to meet Department of Insurance reserve requirements, and any distribution of moneys received or retained in excess of these reserve requirements.

(4) The Cabinet for Health and Family Services shall submit a quarterly enrollee demographics report to the Legislative Research Commission for referral to the Medicaid Oversight and Advisory Board, the Interim Joint Committee on Appropriations and Revenue, the Interim Joint Committee on Families and Children, the Interim Joint Committee on Health Services, and the Office of Budget Review no later than seventy-five (75) days after the end of each quarter. The enrollee demographics report shall provide a summary of enrollee demographics and shall include data on at least the following demographic characteristics for enrollees by county:

(a) The total number of individuals enrolled in the Medicaid program during each month of the previous quarter by eligibility category;

(b) The number of individuals enrolled in the Medicaid program by employment status, including full-time employment, part-time employment, and unemployed;

(c) The number of individuals enrolled in the Medicaid program by race and ethnicity;

(d) The number of individuals enrolled in the Medicaid program by citizenship status, refugee status, legal immigration status, illegal or undocumented immigration status, or other status under which an individual is present in the United States;

(e) The number of beneficiaries enrolled in the Medicaid program with dependents;

(f) The total number of dependents enrolled in the Medicaid program; and

(g) Any other information or data related to Medicaid beneficiaries requested by the Legislative Research Commission.

(5) The Department for Medicaid Services shall submit a quarterly health care provider tax and assessment report to the Legislative Research Commission for referral to the Medicaid Oversight and Advisory Board, the Interim Joint Committee on Appropriations and Revenue, the Interim Joint Committee on Families and Children, the Interim Joint Committee on Health Services, and the Office of Budget Review no later than seventy-five (75) days after the end of each quarter. The health care provider tax report shall include the total amount of revenue generated during the previous quarter and the corresponding federal funding match generated during the previous quarter under:

(a) KRS 142.303;

(b) KRS 142.307;

(c) KRS 142.314;

(d) KRS 142.315;

(e) KRS 142.316;

(f) KRS 142.318;

(g) KRS 142.361;

(h) KRS 142.363;

(i) KRS 205.6406(3)(h);

(j) KRS 205.6406(3)(j);

(k) KRS 205.6412; and

(l) Any other provider tax or assessment on healthcare providers.

(6) All reports required to be submitted to the Legislative Research Commission under this section shall be submitted in a form and manner prescribed by the Legislative Research Commission.

(7) As used in this section, the term "Medicaid program" includes the Kentucky Medical Assistance Program established in KRS 205.510 to 205.5630 and the Kentucky Children's Health Insurance Program established in KRS 205.6483[

~~The Cabinet for Human Resources shall establish a system for the reporting to the General Assembly, on a quarterly basis, through December 31, 1996, as to the progress in implementing the provisions of KRS 205.6310 to 205.6332, the findings of any reports or studies authorized by KRS 205.6310 to 205.6332, and recommendations regarding the reports or studies.~~

~~(2) As each item identified in subsection (1) of this section has been completed, that item shall not be included on the next quarterly report, but shall be identified as having been completed.~~

~~(3) This section expires on January 1, 1997~~].

➔SECTION 8. A NEW SECTION OF KRS CHAPTER 205 IS CREATED TO READ AS FOLLOWS:

Notwithstanding 42 C.F.R. sec. 431.17(c), all records required to be retained by 42 C.F.R. sec. 431.17(b) shall be retained by the Department for Medicaid Services for a period of not less than seven (7) years following the beneficiary's most recent disenrollment from the Medicaid program.

➔SECTION 9. A NEW SECTION OF KRS CHAPTER 205 IS CREATED TO READ AS FOLLOWS:

The Department for Medicaid Services shall monitor utilization rates and expenditures for all Medicaid-covered behavioral health and substance use disorder services and shall submit an annual report to the Legislative Research Commission for referral to the Medicaid Oversight and Advisory Board, the Interim Joint Committee on Appropriations and Revenue, and the Interim Joint Committee on Health Services identifying each Medicaid-covered behavioral health or substance use disorder service for which utilization rates or expenditures have increased by more than ten percent (10%) over the previous twelve (12) months.

➔SECTION 10. A NEW SECTION OF KRS CHAPTER 205 IS CREATED TO READ AS FOLLOWS:

(1) The Department for Medicaid Services shall administer the state's Medicaid program under a fee-for-service model, Medicaid managed care model, or other Medicaid delivery system model as permitted under federal law.

(2) This section does not prohibit the administration of the Medicaid program under more than one (1) delivery system model.

(3) Nothing in this section shall be interpreted as infringing upon or impairing any contract between the Department for Medicaid Services and any managed care organization in effect on the effective date of this Act.

➔SECTION 11. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO READ AS FOLLOWS:

(1) If the Cabinet for Health and Family Services believes there to be any barrier to implementing a Medicaid-related bill or resolution under consideration by the General Assembly, the cabinet shall notify the Legislative Research Commission in writing of any anticipated implementation barriers within seven (7) calendar days following a standing committee's report that the bill or resolution should pass.

(2) When the Legislative Research Commission receives written notification from the Cabinet for Health and Family Services as required by subsection (1) of this section, the written notification shall be referred to the sponsor of the bill or resolution, the committee that considered the bill or resolution, and the corresponding standing committee in the other chamber of the General Assembly.

➔SECTION 12. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

As used in Sections 12 to 19 of this Act:

(1) "Board" means the Medicaid Oversight and Advisory Board;

(2) "Cabinet" means the Cabinet for Health and Family Services;

(3) "Commission" means the Legislative Research Commission;

(4) "Department" means the Department for Medicaid Services; and

(5) "Medicaid program" means the Kentucky Medical Assistance Program established in KRS 205.510 to 205.630 and the Kentucky Children's Health Insurance Program established in KRS 205.6483.

➔SECTION 13. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

The Medicaid Oversight and Advisory Board of the Kentucky General Assembly is hereby established. The purpose of the board is to optimize delivery of health services for continually improving health outcomes and doing so in a cost efficient and effective manner. The board shall review, analyze, study, evaluate, provide legislative oversight, and make recommendations to the General Assembly regarding any aspect of the Kentucky Medicaid program, including but not limited to benefits and coverage policies, access to services and network adequacy, health outcomes and equity, reimbursement rates, payment methodologies, delivery system models, financing and funding, and administrative regulations.

➔SECTION 14. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

(1) The board shall be composed of the following members:

(a) Ten (10) legislative members, as follows:

1. Four (4) members of the House of Representatives appointed by the Speaker of the House of Representatives, each of whom shall serve while a member of the House for the term for which he or she has been elected, one (1) of whom shall be the chair or vice chair of the House Standing Committee on Health Services, and one (1) of whom shall be the chair or vice chair of the House Standing Committee on Families and Children;

2. One (1) member of the House of Representatives appointed by the Minority Floor Leader of the House of Representatives, who shall serve while a member of the House for the term for which he or she has been elected;

3. Four (4) members of the Senate appointed by the President of the Senate, each of whom shall serve a term of two (2) years, one (1) of whom shall be the chair or vice chair of the Senate Standing Committee on Health Services, and one (1) of whom shall be the chair or vice chair of the Senate Standing Committee on Families and Children; and

4. One (1) member of the Senate appointed by the Minority Floor Leader of the Senate, who shall serve a term of two (2) years;

(b) Eleven (11) nonlegislative, nonvoting members, as follows:

1. The commissioner of the department or his or her designee;

2. The chief medical officer of the Commonwealth or his or her designee;

3. The chair of the Advisory Council for Medical Assistance established in KRS 205.540 or his or her designee;

4. The state budget director or his or her designee;

5. The Auditor of Public Accounts or his or her designee;

6. The executive director of the Kentucky Association of Health Plans, or its successor organization, or his or her designee;

7. The director of the Center of Excellence in Rural Health established in KRS 164.937 or his or her designee;

8. Two (2) members appointed by the Speaker of the House of Representatives, of which:

a. One (1) shall have significant Medicaid-specific experience in healthcare administration, financing, policy, or research; and

b. One (1) shall be a licensed healthcare provider who is a participating Medicaid provider and who serves on one (1) of the technical advisory committees to the Advisory Council for Medical Assistance established in KRS 205.590; and

9. Two (2) members appointed by the President of the Senate, of which:

a. One (1) shall have significant Medicaid-specific experience in healthcare administration, financing, policy, or research; and

b. One (1) shall be a licensed healthcare provider who is a participating Medicaid provider and who serves on one (1) of the technical advisory committees to the Advisory Council for Medical Assistance established in KRS 205.590; and

(c) Two (2) nonvoting ex officio members, as follows:

1. The chair of the House Standing Committee on Appropriations and Revenue; and

2. The chair of the Senate Standing Committee on Appropriations and Revenue.

(2) (a) Of the members appointed pursuant to subsection (1)(a)1. of this section, the Speaker of the House of Representatives shall designate one (1) as co-chair of the board.

(b) Of the members appointed pursuant to subsection(1)(a)3. of this section, the President of the Senate shall designate one (1) as co-chair of the board.

(c) In order to be eligible for appointment under subsection (1)(b)8. and 9. of this section an individual shall not:

1. Be a member of the General Assembly;

2. Be employed by a state agency of the Commonwealth of Kentucky; or

3. Receive contractual compensation for services rendered to a state agency of the Commonwealth of Kentucky that would conflict with his or her service on the board.

(d) For the purpose of appointing members described in subsection (1)(b)8.a. and 9.a. of this section, "significant Medicaid-specific experience in healthcare administration, financing, policy, or research" means:

1. Experience in administering the Kentucky Medical Assistance Program;

2. A hospital administrator with relevant experience in Medicaid billing or regulatory compliance;

3. An attorney licensed to practice law in the Commonwealth of Kentucky with relevant experience in healthcare law;

4. A consumer or patient advocate with relevant experience in the area of Medicaid policy; or

5. A current or former university professor whose primary area of emphasis is healthcare economics or financing, health equity, healthcare disparities, or Medicaid policy.

(e) Individuals appointed to the board under subsection (1)(b)8. and 9. of this section shall:

1. Serve for a term of two (2) years; and

2. Not serve more than one (1) consecutive term after which time he or she shall not be reappointed to the board for a period of at least two (2) years.

(f) If an individual appointed to the board pursuant to subsection (1)(b)8.b. or 9.b. of this section ceases to participate in the Medicaid program or ceases to serve on a technical advisory committee to the Advisory Council for Medical Assistance established in KRS 205.590, he or she may continue to serve on the board until his or her replacement has been appointed.

(3) (a) Any vacancy which may occur in the membership of the board shall be filled in the same manner as the original appointment.

(b) A member of the board whose term has expired may continue to serve until such time as his or her replacement has been appointed.

(4) Members of the board shall be entitled to reimbursement for expenses incurred in the performance of their duties on the board.

➔SECTION 15. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

(1) The board shall meet at least six (6) times during each calendar year.

(2) The co-chairs of the board shall have joint responsibilities for board meeting agendas and presiding at board meetings.

(3) (a) On an alternating basis, each co-chair shall have the first option to set a meeting date.

(b) A scheduled meeting may be canceled by agreement of both co-chairs.

(4) A majority of the entire voting membership of the board shall constitute a quorum, and all actions of the board shall be by vote of a majority of its entire voting membership.

➔SECTION 16. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

The board, consistent with its purpose as established in Section 13 of this Act, shall have the authority to:

(1) Require any of the following entities to provide any and all information necessary to carry out the board's duties, including any contracts entered into by the department, the cabinet, or any other state agency related to the administration of any aspect of the Medicaid program or the delivery of Medicaid benefits or services:

(a) The cabinet;

(b) The department;

(c) Any other state agency;

(d) Any Medicaid managed care organization with whom the department has contracted for the delivery of Medicaid services;

(e) The state pharmacy benefit manager contracted by the department pursuant to KRS 205.5512; and

(f) Any other entity contracted by a state agency to administer or assist in administering any aspect of the Medicaid program or the delivery of Medicaid benefits or services;

(2) Establish a uniform format for reports and data submitted to the board and the frequency, which may be monthly, quarterly, semiannually, annually, or biannually, and the due date for the reports and data;

(3) Conduct public hearings in furtherance of its general duties, at which it may request the appearance of officials of any state agency and solicit the testimony of interested groups and the general public;

(4) Establish any advisory committees or subcommittees of the board that the board deems necessary to carry out its duties;

(5) Recommend that the Auditor of Public Accounts perform a financial or special audit of the Medicaid program or any aspect thereof; and

(6) Subject to selection and approval by the Legislative Research Commission, utilize the services of consultants, analysts, actuaries, legal counsel, and auditors to render professional, managerial, and technical assistance, as needed.

➔SECTION 17. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

(1) The board, consistent with its purpose as established in Section 13 of this Act, shall:

(a) On an ongoing basis, conduct an impartial review of all state laws and regulations governing the Medicaid program and recommend to the General Assembly any changes it finds desirable with respect to program administration including delivery system models, program financing, benefits and coverage policies, reimbursement rates, payment methodologies, provider participation, or any other aspect of the program;

(b) On an ongoing basis, review any change or proposed change in federal laws and regulations governing the Medicaid program and report to the Legislative Research Commission on the probable costs, possible budgetary implications, potential effect on healthcare outcomes, and the overall desirability of any change or proposed change in federal laws or regulations governing the Medicaid program;

(c) At the request of the Speaker of the House of Representatives or the President of the Senate, evaluate proposed changes to state laws affecting the Medicaid program and report to the Speaker or the President on the probable costs, possible budgetary implications, potential effect on healthcare outcomes, and overall desirability as a matter of public policy;

(d) At the request of the Legislative Research Commission, research issues related to the Medicaid program;

(e) Beginning in 2026 and at least once every five (5) years thereafter, cause a review to be made of the administrative expenses and operational cost of the Medicaid program. The review shall include but not be limited to evaluating the level and growth of administrative costs, the potential for legislative

changes to reduce administrative costs, and administrative changes the department may make to reduce administrative costs or staffing needs. At the discretion of the Legislative Research Commission, the review may be conducted by a consultant retained by the board;

(f) Beginning in 2027 and at least once every five (5) years thereafter, cause a program evaluation to be conducted of the Medicaid program. In any instance in which a program evaluation indicates inadequate operating or administrative system controls or procedures, inaccuracies, inefficiencies, waste, extravagance, unauthorized or unintended activities, or other deficiencies, the board shall report its findings to the Legislative Research Commission. The program evaluation shall be performed by a consultant retained by the board;

(g) Beginning in 2028 and at least once every five (5) years thereafter, cause an actuarial analysis to be performed of the Medicaid program, to evaluate the sufficiency and appropriateness of Medicaid reimbursement rates established by the department and those paid by any managed care organization contracted by the department for the delivery of Medicaid services. The actuarial analysis shall be performed by an actuary retained by the board;

(h) Beginning in 2029 and at least once every five (5) years thereafter, cause the overall health of the Medicaid population to be assessed. The assessment shall include but not be limited to a review of health outcomes, healthcare disparities among program beneficiaries and as compared to the general population, and the effect of the overall health of the Medicaid population on program expenses. The assessment shall be performed by a consultant retained by the board; and

(i) Beginning in 2026 and annually thereafter, publish a report covering the board's evaluations and recommendations with respect to the Medicaid program. The report shall be submitted to the Legislative Research Commission no later than December 1 of each year, and shall include at a minimum a summary of the board's current evaluation of the program and any legislative recommendations made by the board.

(2) The board, consistent with its purpose as established in Section 13 of this Act, may:

(a) Review all new or amended administrative regulations related to the Medicaid program and provide comments to the Administrative Regulation Review Subcommittee established in KRS 13A.020;

(b) Make recommendations to the General Assembly, the Governor, the secretary of the cabinet, and the commissioner of the department regarding program administration including benefits and coverage policies, access to services and provider network adequacy, healthcare outcomes and disparities, reimbursement rates, payment methodologies, delivery system models, funding, and administrative regulations. Recommendations made pursuant to this section shall be nonbinding and shall not have the force of law; and

(c) On or before December 1 of each calendar year, adopt an annual research agenda. The annual research agenda may include studies, research, and investigations considered by the board to be significant. Board staff shall prepare a list of study and research topics related to the Medicaid program for consideration by the board in the adoption of the annual research agenda. An annual research agenda adopted by the board may be amended by the Legislative Research Commission to include any studies or reports mandated by the General Assembly during the next succeeding regular session.

(3) At the discretion of the Legislative Research Commission, studies and research projects included in an annual research agenda adopted by the board pursuant to subsection (2)(c) of this section may be conducted by outside consultants, analysts, or researchers to ensure the timely completion of the research agenda.

➔SECTION 18. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

The Legislative Research Commission shall have exclusive jurisdiction over the employment of personnel necessary to carry out the provisions of Sections 12 to 19 of this Act. Staff and operating costs of the board shall be provided from the budget of the Legislative Research Commission.

➔SECTION 19. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

The officers and personnel of any state agency and any other person may serve at the request of the board upon any advisory committees that the board may create. State officers and personnel may serve upon these advisory

committees without forfeiture of office or employment and with no loss or diminution in the compensation statute, rights, and privileges which they otherwise enjoy.

➔Section 20. (1) The Cabinet for Health and Family Services, Department for Medicaid Services is hereby directed to, within 90 days after the effective date of this Act, reinstate all prior authorization requirements for behavioral health services in the Medicaid program that were in place and required for behavioral health services on January 1, 2020. The Cabinet for Health and Family Services shall promulgate administrative regulations in accordance with KRS Chapter 13A necessary to comply with this section.

(2) If the Cabinet for Health and Family Services or the Department for Medicaid Services determines that a state plan amendment is necessary prior to implementing this section, the cabinet is hereby authorized, as is required under Section 1 of this Act, to submit a state plan amendment application to the federal Centers for Medicare and Medicaid Services to implement this section and may only delay implementation of this section until any necessary state plan amendment is approved by the federal Centers for Medicare and Medicaid Services.

➔Section 21. (1) Notwithstanding any provision of law to the contrary, the Cabinet for Health and Family Services, Department for Medicaid Services shall procure new Medicaid managed care contracts in accordance with KRS Chapter 45A and Sections 7(1)(a) and 10 of this Act. Medicaid managed care contracts procured under this section shall have an effective date of no later than January 1, 2027.

(2) Any managed care organization subject to the reporting requirements established in 2024 Ky Acts ch. 175, Part I, G., 3., a., (2) and b., (7) who failed to comply with 2024 Ky Acts ch. 175, Part I, G., 3., a., (2) or b., (7) during state fiscal year 2025-2026 shall be ineligible for a contract awarded under subsection (1) of this section.

➔Section 22. The Cabinet for Health and Family Services is hereby directed to develop a scorecard for behavioral health and substance use disorder treatment services and providers to be used by all managed care organizations with whom the Department for Medicaid Services has contracted for the delivery of Medicaid services. The cabinet may collaborate with Medicaid managed care organizations on the development of the behavioral health and substance use disorder treatment services scorecard. The scorecard shall be publicly available on each managed care organization's website no later than December 31, 2025.

➔Section 23. 2024 Ky. Acts ch. 173, sec. 1(186) and 2024 Ky Acts ch. 175, Part I, G., 3., b. shall serve as authorization, as required under Section 1 of this Act, for any change to eligibility, coverage, or benefits in the Medicaid program provided for in 2024 Ky. Acts ch. 173, sec. 1(186) and 2024 Ky Acts ch. 175, Part I, G., 3., b.

➔Section 24. Whereas ongoing budget negotiations at the federal level, including over federal financial support for the Medicaid program, combined with significant expansion of the Commonwealth's Medicaid budget over the last decade creates an urgent need to bolster legislative oversight of the program, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Veto Overridden March 27, 2025.

CHAPTER 111

(SB 19)

AN ACT relating to permitted uses of time during the school day.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 158.175 is amended to read as follows:

(1) As a continuation of the policy of teaching our country's history and as an affirmation of the freedom of religion in this country, the board of education of a local school district may authorize the recitation of the traditional Lord's prayer and the pledge of allegiance to the flag in public elementary schools. Pupil participation in the recitation of the prayer and pledge of allegiance shall be voluntary. Pupils shall be reminded that this Lord's prayer is the prayer our pilgrim fathers recited when they came to this country in their search for freedom. Pupils shall be informed that these exercises are not meant to influence an individual's personal religious beliefs in any manner. The exercises shall be conducted so that pupils shall

learn of our great freedoms, including the freedom of religion symbolized by the recitation of the Lord's prayer.

(2) The board of education of each school district shall establish a policy and develop procedures whereby the pupils in each elementary and secondary school may participate in the pledge of allegiance to the flag of the United States at the commencement of each school day.

(3) The Kentucky Board of Education shall develop a program of instruction relating to the flag of the United States of America, including instruction in etiquette, the correct use and display of the flag, and other patriotic exercises as may be related. This program of instruction shall be provided to each public school for use in its course of instruction. The program of instruction, at a minimum, shall include the provisions of 4 U.S.C. secs. 1 to 3 and 4 U.S.C. secs. 5 to 9.

(4) The board of education of each local school district may purchase or otherwise acquire and provide for display in each classroom copies of the Declaration of Independence, the Gettysburg Address, and other documents the local board deems significant to the history of Kentucky and the United States.

(5) ***(a)*** ***The board of education of each local school district shall establish a policy and develop procedures whereby,*** at the commencement of the first class of each day in all public schools***, there shall be***~~[, the teacher in charge of the room may announce that]~~ a moment of silence or reflection ***of at least one (1) minute, but*** not to exceed ***two (2)***~~[one (1)]~~ ***minutes,***~~[minute]~~ in duration~~[shall be observed]~~.

(b) ***The policy required in paragraph (a) of this subsection shall ensure that all pupils remain seated and silent and make no distracting display so that each pupil may, in the exercise of his or her individual choice, meditate, pray, or engage in any other silent activity which does not interfere with, distract from, or impede other pupils' exercise of individual choice. The policy shall prohibit district personnel from providing instruction to any student regarding the nature of any reflection that a student may engage in during the moment of silence or reflection. The policy shall require notification be sent to parents or guardians providing information on the policy and encouraging parents and guardians to provide guidance to their pupils regarding the moment of silence or reflection.***

➔Section 2. KRS 158.200 is amended to read as follows:

(1) The boards of education of ***local***~~[independent and county]~~ school districts may provide ***an opportunity*** for ***pupils to attend*** moral instruction ~~[of pupils]~~in their jurisdiction, in the manner provided in ***this section***~~[KRS 158.210 to 158.260]~~.

(2) ***(a)*** ***Local boards of education shall allow pupils to be excused for up to one (1) hour on no more than one (1) day each week, which shall include time attributed to travel to and from, to attend a district-approved request for a moral instruction offering upon receiving the consent of the pupil's parent or guardian.***

(b) ***Moral instruction provided under this section shall not take place on school property.***

(c) ***Pupil participation in moral instruction shall be voluntary and free from coercion by school personnel.***

(d) ***Moral instruction shall be given without expense to any local board of education above de minimis administrative expenses incurred in carrying out this section.***

(3) ***An individual, organization, entity, or any combination thereof seeking to provide a moral instruction offering for pupils shall submit a written, signed request to the local board of education of a school district regarding the proposed moral instruction offering. The request shall include:***

(a) ***Contact information for the primary individual who will be providing the moral instruction, as well as all other individuals who may be transporting pupils or providing moral instruction to students through the offering;***

(b) ***A statement acknowledging and agreeing to be bound by the requirements placed upon moral instruction offerings under this section;***

(c) ***The address or a description of the location where the moral instruction will be provided;***

(d) ***A transportation plan to ensure the safety of pupils while traveling to and from moral instruction within the allotted time period;***

(e) A statement acknowledging, and agreeing to inform the parent or guardian of a participating pupil, that the school district and its employees and agents shall not incur any liability as a result of any injury sustained by the pupil related to participation in the moral instruction offering;

(f) A statement acknowledging and agreeing to indemnify and hold harmless the school district and its employees and agents against any claims relating to the moral instruction offering or transportation to or from the offering; and

(g) Proof of insurance coverage to be carried by the provider that shall include adequate insurance for liability, property loss, and personal injury of students related to the moral instruction offering or transportation to or from the offering.

(4) (a) Upon receipt of a request under subsection (3) of this section, the local board of education may make arrangements with the person seeking to provide the moral instruction offering as the local board deems necessary.

(b) Upon approval by the local board of a request under this section, the superintendent of the school district shall require each individual identified in the request to submit to a national and state criminal history background check by the Department of Kentucky State Police and the Federal Bureau of Investigation and have a clear CA/N check, provided by the individual, consistent with the provisions of KRS 160.380(6). The individuals, or the organization or entity through which the moral instruction offering will be provided, shall be responsible for all costs associated with obtaining the criminal history and CA/N checks under this paragraph.

(c) As a condition of the agreement between the local board and a provider, the local board shall require that any individual identified in the request under subsection (3) of this section be barred from providing transportation or participating in moral instruction offerings under this section upon receipt by the school district of a report documenting a record of:

1. Child abuse or neglect;

2. A sex crime or criminal offense against a victim who is a minor, as defined in KRS 17.500; or

3. A violent crime as defined in KRS 17.165;

by the individual. The prohibition shall continue until the local board receives an updated record for that individual that does not contain a disqualifying item.

(5) A pupil who attends a moral instruction offering at the time specified and for the period fixed shall be:

(a) Credited with the time of attendance as if he or she had been in actual attendance in school, and the time shall be included as part of the actual school work required in KRS 158.060. A pupil shall not be penalized for any school work missed during the specified time; and

(b) Included in calculating the average daily attendance for the Support Education Excellence in Kentucky program as if the pupil was in actual attendance in school.

(6) A pupil who does not participate in a moral instruction offering shall remain in school during the time when the instruction is being given, and shall take noncredit enrichment courses or participate in educational activities not required in the regular curriculum, and that time shall be included as part of the actual school work required in KRS 158.060. Students of different grade levels may be placed into combined classrooms in accordance with maximum class size allotments as described in KRS 157.360. These courses or activities shall be supervised by certified school personnel and may include but are not limited to study hall, computer instruction, music, art, library, physical education, and tutorial assistance.

(7) A school district shall not discriminate against a pupil for his or her participation or nonparticipation in a moral instruction offering.

(8) (a) Each local board of education shall submit the following information quarterly to the Kentucky Department of Education:

1. The name of each applicant that submitted a request to provide a moral instruction offering;

2. The date of the application;

3. The local board's approval or denial of the application; and

4. If the request was denied, the reason for the denial.

(b) The Kentucky Department of Education shall compile the quarterly reports required by this subsection and submit a combined report to the Legislative Research Commission no later than December 1 of each year for referral to the appropriate Interim Joint Committee on Education.

➔Section 3. The following KRS sections are repealed:

158.210 Survey of desire for moral instruction may be made.

158.220 Time allowed for moral instruction in suitable place.

158.230 Arrangements with persons in charge.

158.240 Credit for moral instruction.

158.250 Activities for nonparticipants in moral instruction classes.

158.260 Cost of moral instruction.

Veto Overridden March 27, 2025.

CHAPTER 112

(SB 84)

AN ACT relating to judicial review of state agency action.

WHEREAS, in Loper Bright Enterprises v. Raimondo, 603 U.S. 369 (2024), the United States Supreme Court ruled that the federal judiciary's deference to the interpretation of statutes by federal agencies as articulated in Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc., 487 U.S. 837 (1984), and its progeny was unlawful; and

WHEREAS, the opinions in several cases decided by the Kentucky Supreme Court, including without limitation, Metzinger v. Kentucky Retirement Systems, 299 S.W. 3d 541 (Ky. 2009), and Kentucky Occupational Safety and Health Review Commission v. Estill County Fiscal Court, 503 S.W. 3d 924 (Ky. 2016), appeared to adopt the deference articulated in the Chevron decision as a model for the review by the Kentucky Court of Justice of a state agency's interpretation of statutes; and

WHEREAS, the General Assembly does not create state agencies with an expectation that those agencies will possess a proficiency in interpreting a statute that is superior to that of the Court of Justice; and

WHEREAS, the General Assembly does not believe that any state agency possesses a proficiency in interpreting a statute that is superior to that of the Court of Justice; and

WHEREAS, the General Assembly believes that judicial deference to a state agency's interpretation of a statute is inconsistent with the role of the Court of Justice within the separation of powers provisions of the Constitution of Kentucky; and

WHEREAS, the General Assembly declares that de novo review is the only appropriate standard for judicial review of a state agency's interpretation of a statute or regulation;

NOW, THEREFORE,

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 13A IS CREATED TO READ AS FOLLOWS:

(1) An administrative body shall not interpret a statute or administrative regulation with the expectation that the interpretation of the administrative body is entitled to deference from a reviewing court.

(2) The interpretation of a statute or administrative regulation by an administrative body shall not be entitled to deference from a reviewing court.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 446 IS CREATED TO READ AS FOLLOWS:

A court reviewing an administrative body's action, including without limitation a petition for judicial review of an administrative body's rulemaking or adjudicatory actions, shall apply de novo review to the administrative body's interpretation of statutes, administrative regulations, and other questions of law.

➔Section 3. KRS 13B.150 is amended to read as follows:

(1) Except as provided in KRS 452.005, review of a final order shall be conducted by the court without a jury and shall be confined to the record, unless there is fraud or misconduct involving a party engaged in administration of this chapter. The court, upon request, may hear oral argument and receive written briefs. Challenges to the constitutionality of a final order shall be reviewed in accordance with KRS 452.005.

(2) The court shall not substitute its judgment for that of the agency as to the weight of the evidence on questions of fact. The court may affirm the final order or it may reverse the final order, in whole or in part, and remand the case for further proceedings if it finds the agency's final order is:

(a) In violation of constitutional or statutory provisions;

(b) In excess of the statutory authority of the agency;

(c) Without support of substantial evidence on the whole record;

(d) Arbitrary, capricious, or characterized by abuse of discretion;

(e) Based on an ex parte communication which substantially prejudiced the rights of any party and likely affected the outcome of the hearing;

(f) Prejudiced by a failure of the person conducting a proceeding to be disqualified pursuant to KRS 13B.040(2); or

(g) Deficient as otherwise provided by law.

(3) The court shall apply de novo review of the agency's final order on questions of law. An agency's interpretation of a statute or administrative regulation shall not be entitled to deference from a reviewing court.

Veto Overridden March 27, 2025.

CHAPTER 113

(SB 207)

AN ACT relating to education.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 156 IS CREATED TO READ AS FOLLOWS:

(1) The Kentucky Board of Education, upon the request of the local board of education of a school district, may grant a waiver from the requirements of an administrative regulation promulgated by the state board or from a statute over which the state board has authority to enforce. A waiver granted by the state board shall expire on June 30 of the third full school year after the request was first approved, regardless of subsequent amendment, unless the state board renews the waiver prior to expiration. The state board shall not waive any statute or administrative regulation:

(a) Relating to health and safety, including required criminal background checks for staff and volunteers specified in KRS 160.380 and 161.148;

(b) Relating to civil rights;

(c) Required by federal law;

(d) Relating to compulsory attendance requirements under KRS 158.030 and 158.100 or the recording of data necessary for participation in the fund to support education excellence in Kentucky;

(e) Establishing certification requirements for teachers in core academic areas, except a waiver may authorize up to twenty-five percent (25%) of the teaching staff of a school may be employed without

teacher certification if the individual possesses a baccalaureate or graduate degree in the subject the individual is hired to teach;

(f) Requiring students' participation in state assessment of student performance, as required under KRS 158.6453;

(g) Financial audits, audit procedures, and audit requirements under KRS 156.265;

(h) Open records and open meeting requirements under KRS Chapter 61;

(i) Purchasing requirements and limitations under KRS Chapter 45A and KRS 156.074 and 156.480; or

(j) Requiring instructional time that is at least equivalent to the student instructional year specified in KRS 158.070.

(2) A waiver request under subsection (1) of this section shall:

(a) Identify the specific statutes and administrative regulations for which the local board is seeking a waiver;

(b) Specify the schools or programs within the district to which the waiver shall apply;

(c) Explain how the waiver for the schools or programs of each specific statute or administrative regulation will improve operations or student academic achievement; and

(d) Include any evidence the district wishes to submit to support the request.

(3) Upon the majority vote of a local board approving a waiver request, the superintendent of the district shall submit the waiver request to the state board. The state board shall consider the waiver of each statute or administrative regulation included in the request at the next regularly scheduled meeting after submission and shall either approve or deny the request. In considering approval for each statute or administrative regulation identified in a waiver request, the state board shall grant the request if it demonstrates that the waiver is more likely than not:

(a) To improve that school's or program's operation without hindering student academic achievement; or

(b) To improve student academic achievement at that school or program.

(4) In submitting a waiver request under subsection (3) of this section, a local board may seek to identify the school or program that is the subject of the request as a school of innovation. In addition to any other waivers granted for the school or program, a school of innovation shall be granted a waiver from all statutes and administrative regulations that would prevent the district from entering into an agreement with an education service provider to assist in the management and operation of the school or program. The state board shall approve the school of innovation request if the request demonstrates that identification as a school of innovation is more likely than not to improve either that school's or program's operation or student academic achievement.

(5) A local board whose request to waive a statute or administrative regulation under subsection (3) or (4) of this section was denied may amend the original request for reconsideration at the state board's next regularly scheduled meeting. A local board may request assistance from the Kentucky Department of Education in the development of the local board's waiver request or an amendment.

(6) A local board may seek to amend a previously approved waiver request by submitting the amendment for approval by the state board under the same procedures as the original request.

(7) A local board that is granted a waiver under subsection (3) or (4) of this section may submit a request to renew the waiver to the state board. A renewal request shall be submitted no earlier than six (6) months prior to that waiver's expiration. The renewal request shall include evidence of the operational improvement of the school or program that is subject to the waiver, the academic achievement of the students enrolled in the schools or program, comparisons of those students with similar students across the state, and any other evidence of the waiver's benefit to student academic achievement. If the state board finds that the waiver has had a positive impact on the school's or program's operation or the academic achievement of students, then the renewal request shall be approved. An approved renewal request shall extend the waiver for an additional three (3) school years.

(8) Any school that is subject to a waiver shall admit any and all children eligible to attend the school subject to the local board's policies.

(9) If the state board at any time finds by a two-thirds (2/3) majority vote that a specific waiver previously granted has hindered school or program operations, endangered students, impeded student academic achievement, or supported financial malfeasance or criminal activity, then the waiver shall be rescinded. The existence of a waiver shall not negate the legal duties or professional responsibilities of a district employee.

(10) The state board shall promulgate administrative regulations in accordance with KRS Chapter 13A to adopt a standardized waiver request form and establish any procedures for processing waiver requests in compliance with this section.

➔Section 2. KRS 156.160 is amended to read as follows:

(1) With the advice of the Local Superintendents Advisory Council, the Kentucky Board of Education shall promulgate administrative regulations establishing standards which school districts shall meet in student, program, service, and operational performance. These regulations shall comply with the expected outcomes for students and schools set forth in KRS 158.6451. Administrative regulations shall be promulgated for the following:

(a) Courses of study for the different grades and kinds of common schools identifying the common curriculum content directly tied to the goals, outcomes, and assessment strategies developed under KRS 158.645, 158.6451, and 158.6453 and distributed to local school districts and schools. The administrative regulations shall provide that:

1. If a school offers American sign language, the course shall be accepted as meeting the foreign language requirements in common schools notwithstanding other provisions of law;

2. If a school offers the Reserve Officers Training Corps program, the course shall be accepted as meeting the physical education requirement for high school graduation notwithstanding other provisions of law;

3. Every public middle and high school's curriculum shall include instruction on the Holocaust and other cases of genocide, as defined by the United Nations Convention on the Prevention and Punishment of the Crime of Genocide, that a court of competent jurisdiction, whether a court in the United States or the International Court of Justice, has determined to have been committed by applying rigorous standards of due process; and

4. Beginning in the 2025-2026 school year, cursive writing shall be included as a course of study in all elementary schools and shall be designed to ensure proficiency in cursive writing by the end of grade five (5);

(b) Courses of study or educational experiences available to students in all middle and high schools to fulfill the prerequisites for courses in advanced science and mathematics as defined in KRS 158.845;

(c) The acquisition and use of educational equipment for the schools as recommended by the Council for Education Technology;

(d) The minimum requirements for high school graduation in light of the expected outcomes for students and schools set forth in KRS 158.6451. The minimum requirements shall not include achieving any postsecondary readiness indicator as described in KRS 158.6455 or any minimum score on a statewide assessment administered under KRS 158.6453. Student scores from any assessment administered under KRS 158.6453 that are determined by the department's technical advisory committee to be valid and reliable at the individual level shall be included on the student transcript. The department's technical advisory committee shall submit its determination to the commissioner of education and the Legislative Research Commission;

(e) The requirements for an alternative high school diploma for students with disabilities whose individualized education program indicates that, in accordance with 20 U.S.C. sec. 1414(d)(1)(A):

1. The student cannot participate in the regular statewide assessment; and

2. An appropriate alternate assessment has been selected for the student based upon a modified curriculum and an individualized course of study;

(f) Taking and keeping a school census, and the forms, blanks, and software to be used in taking and keeping the census and in compiling the required reports. The board shall create a statewide student identification numbering system based on students' Social Security numbers. The system shall provide a

student identification number similar to, but distinct from, the Social Security number, for each student who does not have a Social Security number or whose parents or guardians choose not to disclose the Social Security number for the student;

(g) Sanitary and protective construction of public school buildings, toilets, physical equipment of school grounds, school buildings, and classrooms. With respect to physical standards of sanitary and protective construction for school buildings, the Kentucky Board of Education shall adopt the Uniform State Building Code;

(h) Medical inspection, physical and health education and recreation, and other regulations necessary or advisable for the protection of the physical welfare and safety of the public school children. The administrative regulations shall set requirements for student health standards to be met by all students in grades four (4), eight (8), and twelve (12) pursuant to the outcomes described in KRS 158.6451. The administrative regulations shall permit a student who received a physical examination no more than six (6) months prior to his or her initial admission to Head Start to substitute that physical examination for the physical examination required by the Kentucky Board of Education of all students upon initial admission to the public schools, if the physical examination given in the Head Start program meets all the requirements of the physical examinations prescribed by the Kentucky Board of Education;

(i) A vision examination by an optometrist or ophthalmologist that shall be required by the Kentucky Board of Education. The administrative regulations shall require evidence that a vision examination that meets the criteria prescribed by the Kentucky Board of Education has been performed. This evidence shall be submitted to the school no later than January 1 of the first year that a three (3), four (4), five (5), or six (6) year-old child is enrolled in a public school, public preschool, or Head Start program;

(j) 1. Beginning with the 2010-2011 school year, a dental screening or examination by a dentist, dental hygienist, physician, registered nurse, advanced practice registered nurse, or physician assistant that shall be required by the Kentucky Board of Education. The administrative regulations shall require evidence that a dental screening or examination that meets the criteria prescribed by the Kentucky Board of Education has been performed. This evidence shall be submitted to the school no later than January 1 of the first year that a five (5) or six (6) year-old child is enrolled in a public school.

2. A child shall be referred to a licensed dentist if a dental screening or examination performed by anyone other than a licensed dentist identifies the possibility of dental disease;

(k) The transportation of children to and from school;

(l) The fixing of holidays on which schools may be closed and special days to be observed, and the pay of teachers during absence because of sickness or quarantine or when the schools are closed because of quarantine;

(m) The preparation of budgets and salary schedules for the several school districts under the management and control of the Kentucky Board of Education;

(n) A uniform series of forms and blanks, educational and financial, including forms of contracts, for use in the several school districts;

(o) The disposal of real and personal property owned by local boards of education; and

(p) The development and implementation of procedures, for all students who are homeless children and youths as defined in 42 U.S.C. sec. 11434a(2), to do the following:

1. Awarding and accepting of credit, including partial credit, for all coursework satisfactorily completed by a student while enrolled at another school;

2. Allowing a student who was previously enrolled in a course required for graduation the opportunity, to the extent practicable, to complete the course, at no cost to the student, before the beginning of the next school year;

3. Awarding a diploma, at the student's request, by a district from which the student transferred, if the student transfers schools at any time after the completion of the student's second year of high school and the student is ineligible to graduate from the district to which the student transfers, but meets the graduation requirements of the district from which the student transferred; and

4. Exempting the student from all coursework and other requirements imposed by the local board of education that are in addition to the minimum requirements for high school graduation established by the Kentucky Board of Education pursuant to paragraph (d) of this subsection in the district to which the student transfers, if the student transfers schools at any time after the completion of the student's second year of high school and the student is ineligible to graduate both from the district to which the student transfers and the district from which the student transferred.

(2) ~~[(a) At the request of a local board of education or a school council, a local school district superintendent shall request that the Kentucky Board of Education waive any administrative regulation promulgated by that board. Beginning in the 1996-97 school year, a request for waiver of any administrative regulation shall be submitted to the Kentucky Board of Education in writing with appropriate justification for the waiver. The Kentucky Board of Education may approve the request when the school district or school has demonstrated circumstances that may include but are not limited to the following:~~

~~1. An alternative approach will achieve the same result required by the administrative regulation;~~

~~2. Implementation of the administrative regulation will cause a hardship on the school district or school or jeopardize the continuation or development of programs; or~~

~~3. There is a finding of good cause for the waiver.~~

~~(b) The following shall not be subject to waiver:~~

~~1. Administrative regulations relating to health and safety;~~

~~2. Administrative regulations relating to civil rights;~~

~~3. Administrative regulations required by federal law; and~~

~~4. Administrative regulations promulgated in accordance with KRS 158.6451, 158.6453, 158.6455, and this section, relating to measurement of performance outcomes and determination of successful districts or schools, except upon issues relating to the grade configuration of schools.~~

~~(c) Any waiver granted under this subsection shall be subject to revocation upon a determination by the Kentucky Board of Education that the school district or school holding the waiver has subsequently failed to meet the intent of the waiver.~~

~~(3)]~~Any private, parochial, or church school may voluntarily comply with curriculum, certification, and textbook standards established by the Kentucky Board of Education and be certified upon application to the board by such schools.

(3) ~~[(4)]~~ Any public school that violates the provisions of KRS 158.854 shall be subject to a penalty to be assessed by the commissioner of education as follows:

(a) The first violation shall result in a fine of no less than one (1) week's revenue from the sale of the competitive food;

(b) Subsequent violations shall result in a fine of no less than one (1) month's revenue from the sale of the competitive food;

(c) "Habitual violations," which means five (5) or more violations within a six (6) month period, shall result in a six (6) month ban on competitive food sales for the violating school; and

(d) Revenue collected as a result of the fines in this subsection shall be transferred to the food service fund of the local school district.

➔Section 3. KRS 156.445 is amended to read as follows:

(1) No textbook or program shall be used in any public school in Kentucky as a basal title unless it has been recommended and listed on the state multiple list by the State Textbook Commission or unless a school and district has met the notification requirements under subsection (2) of this section. Any changes of textbooks made by the State Textbook Commission shall not become effective until grades and classes of the respective county and independent school districts have completed work for which the adopted book then in use was originally intended. Nothing in this section shall apply to the supplementary books that are needed from time to time.

(2) A school council, or if none exists, the principal, may notify, through the superintendent, the State Textbook Commission that it plans to adopt a basal textbook or program that is not on the recommended list by submitting evidence that the title it has chosen meets the selection criteria of the State Textbook Commission in KRS 156.405(3)(b) and the subject specific criteria of the textbook reviewers pursuant to KRS 156.407(5) and complies with the required publisher specifications.

(3) In approving text materials for private and parochial schools for the purpose of KRS 156.160***(2)*** ~~[(3)]~~ the text materials shall be approved if they are comprehensive and appropriate to the grade level in question notwithstanding the fact that they may contain elements of religious philosophy.

➔Section 4. KRS 157.360 is amended to read as follows:

(1) (a) In determining the cost of the program to support education excellence in Kentucky, the statewide guaranteed base funding level, as defined in KRS 157.320, shall be computed by dividing the amount appropriated for this purpose by the prior year's statewide average daily attendance.

(b) When determining the biennial appropriations for the program, the average daily attendance for each fiscal year shall include an estimate of the number of students graduating early under the provisions of KRS 158.142.

(2) Each district shall receive an amount equal to the base funding level for each pupil in average daily attendance in the district in the previous year, except a district shall receive an amount equal to one-half (1/2) of the state portion of the average statewide per pupil guaranteed base funding level for each student who graduated early under the provisions of KRS 158.142. Each district's base funding level shall be adjusted by the following factors:

(a) The number of at-risk students in the district. At-risk students shall be identified as those approved for the free lunch program under state and federal guidelines. The number of at-risk students shall be multiplied by a factor to be established by the General Assembly. Funds generated under this paragraph may be used to pay for:

1. Alternative programs for students who are at risk of dropping out of school before achieving a diploma; and

2. A hazardous duty pay supplement as determined by the local board of education to the teachers who work in alternative programs with students who are violent or assaultive;

(b) The number and types of exceptional children in the district as defined by KRS 157.200. Specific weights for each category of exceptionality shall be used in the calculation of the add-on factor for exceptional children; and

(c) Transportation costs. The per-pupil cost of transportation shall be calculated as provided by KRS 157.370. Districts which contract to furnish transportation to students attending nonpublic schools may adopt any payment formula which ensures that no public school funds are used for the transportation of nonpublic students.

(3) Beginning with the 2015-2016 school year and each year thereafter, the General Assembly shall annually allocate funds equal to one-half (1/2) of the state portion of the average statewide per pupil guaranteed base funding level for each student who graduated early under the provisions of KRS 158.142 the previous school year to the Kentucky Higher Education Assistance Authority for deposit in the early graduation scholarship trust fund.

(4) The program to support education excellence in Kentucky shall be fully implemented by the 1994-95 school year.

(5) (a) Except for those schools which have implemented school-based decision making, the commissioner of education shall enforce maximum class sizes for every academic course requirement in all grades except in vocal and instrumental music, and physical education classes. Except as provided in subsection (6) of this section, the maximum number of pupils enrolled in a class shall be as follows:

1. Twenty-four (24) in primary grades (kindergarten through third grade);

2. Twenty-eight (28) in grade four (4);

3. Twenty-nine (29) in grades five (5) and six (6);

4. Thirty-one (31) in grades seven (7) to twelve (12).

(b) Except for those schools which have implemented school-based decision making, class size loads for middle and secondary school classroom teachers shall not exceed the equivalent of one hundred fifty (150) pupil hours per day.

(c) The commissioner of education, upon approval of the Kentucky Board of Education, shall adopt administrative regulations for enforcing this provision. These administrative regulations shall include procedures for a superintendent to request an exemption from the Kentucky Board of Education when unusual circumstances warrant an increased class size for an individual class. A request for an exemption shall include specific reasons for the increased class size with a plan for reducing the class size prior to the beginning of the next school year. A district shall not receive in any one (1) year exemptions for more classes than enroll twenty percent (20%) of the pupils in the primary grades and grades four (4) through eight (8).

(d) In all schools the commissioner of education shall enforce the special education maximum class sizes set by administrative regulations adopted by the Kentucky Board of Education. A superintendent may request an exemption pursuant to paragraph (c) of this subsection. A local school council may request a waiver ***relating to maximum class size*** pursuant to ***Section 1 of this Act in the same manner as a local board of education*** ~~[KRS 156.160(2)]~~. An exemption or waiver shall not be granted if the increased class size will impede any exceptional child from achieving his or her individual education program in the least restrictive environment.

(6) In grades four (4) through six (6) with combined grades, the maximum class size shall be the average daily attendance upon which funding is appropriated for the lowest assigned grade in the class. There shall be no exceptions to the maximum class size for combined classes. In combined classes other than the primary grades, no ungraded students shall be placed in a combined class with graded students. In addition, there shall be no more than two (2) consecutive grade levels combined in any one (1) class in grades four (4) through six (6). However, this shall not apply to schools which have implemented school-based decision making.

(7) If a local school district, through its admission and release committee, determines that an appropriate program in the least restrictive environment for a particular child with a disability includes either part-time or full-time enrollment with a private school or agency within the state or a public or private agency in another state, the school district shall count as average daily attendance in a public school the time that the child is in attendance at the school or agency, contingent upon approval by the commissioner of education.

(8) Pupils attending a center for child learning and study established under an agreement pursuant to KRS 65.210 to 65.300 shall, for the purpose of calculating average daily attendance, be considered as in attendance in the school district in which the child legally resides and which is party to the agreement. For purposes of subsection (1) of this section, teachers who are actually employees of the joint or cooperative action shall be considered as employees of each school district which is a party to the agreement.

(9) Program funding shall be increased when the average daily attendance in any district for the first two (2) months of the current school year is greater than the average daily attendance of the district for the first two (2) months of the previous school year. The program funds allotted the district shall be increased by the percent of increase. The average daily attendance in kindergarten is the kindergarten full-time equivalent pupils in average daily attendance.

(10) If the average daily attendance for the current school year in any district decreases by ten percent (10%) or more than the average daily attendance for the previous school year, the average daily attendance for purposes of calculating program funding for the next school year shall be increased by an amount equal to two-thirds (2/3) of the decrease in average daily attendance. If the average daily attendance remains the same or decreases in the succeeding school year, the average daily attendance for purposes of calculating program funding for the following school year shall be increased by an amount equal to one-third (1/3) of the decrease for the first year of the decline.

(11) If the percentage of attendance of any school district shall have been reduced more than two percent (2%) during the previous school year, the program funding allotted the district for the current school year shall be increased by the difference in the percentage of attendance for the two (2) years immediately prior to the current school year less two percent (2%).

(12) (a) Instructional salaries for vocational agriculture classes shall be for twelve (12) months per year. Vocational agriculture teachers shall be responsible for the following program of instruction during the time period beyond the regular school term established by the local board of education: supervision and instruction of students in agriculture experience programs; group and individual instruction of farmers

and agribusinessmen; supervision of student members of agricultural organizations who are involved in leadership training or other activity required by state or federal law; or any program of vocational agriculture established by the Department of Education. During extended employment, no vocational agriculture teacher shall receive salary on a day that the teacher is scheduled to attend an institution of higher education class which could be credited toward meeting any certification requirement.

(b) Each teacher of agriculture employed shall submit an annual plan for summer program to the local school superintendent for approval. The summer plan shall include a list of tasks to be performed, purposes for each task, and time to be spent on each task. Approval by the local school superintendent shall be in compliance with the guidelines developed by the Department of Education. The supervision and accountability of teachers of vocational agriculture's summer programs shall be the responsibility of the local school superintendent. The local school superintendent shall submit to the commissioner of education a completed report of summer tasks for each vocational agriculture teacher. Twenty percent (20%) of the approved vocational agriculture programs shall be audited annually by the State Department of Education to determine that the summer plan has been properly executed.

(13) (a) In allotting program funds for home and hospital instruction, statewide guaranteed base funding, excluding the capital outlay, shall be allotted for each child in average daily attendance in the prior school year who has been properly identified according to Kentucky Board of Education administrative regulations. Attendance shall be calculated pursuant to KRS 157.270 and shall be reported monthly on forms provided by the Department of Education; and

(b) Pursuant to administrative regulations of the Kentucky Board of Education, local school districts shall be reimbursed for home and hospital instruction for pupils unable to attend regular school sessions because of short-term health impairments. A reimbursement formula shall be established by administrative regulations to include such factors as a reasonable per hour, per child allotment for teacher instructional time, with a maximum number of funded hours per week, a reasonable allotment for teaching supplies and equipment, and a reasonable allotment for travel expenses to and from instructional assignments, but the formula shall not include an allotment for capital outlay. Attendance shall be calculated pursuant to KRS 157.270 and shall be reported annually on forms provided by the Department of Education.

(14) Except for those schools which have implemented school-based decision making and the school council has voted to waive this subsection, kindergarten aides shall be provided for each twenty-four (24) full-time equivalent kindergarten students enrolled.

(15) Effective July 1, 2001, there shall be no deduction applied against the base funding level for any pupil in average daily attendance who spends a portion of his or her school day in a program at a state-operated career and technical education or vocational facility.

(16) During a fiscal year, a school district may request that the Department of Education recalculate its funds allocated under this section if the current year average daily attendance for the twenty (20) day school month as defined in KRS 158.060(1) that contains the most days within the calendar month of January exceeds the prior year adjusted average daily attendance plus growth by at least one percent (1%). Any adjustments in the allotments approved under this subsection shall be proportional to the remaining days in the school year and subject to available funds under the program to support education excellence in Kentucky.

(17) To calculate the state portion of the program to support education excellence in Kentucky for a school district, the Department of Education shall subtract the local effort required under KRS 157.390(5) from the calculated base funding under the program to support education excellence in Kentucky, as required by this section. The value of the real estate used in this calculation shall be the lesser of the current year assessment or the prior year assessment increased by four percent (4%) plus the value of current year new property. The calculation under this subsection shall be subject to available funds.

(18) Notwithstanding any other statute or budget of the Commonwealth language to the contrary, time missed due to shortening days for emergencies may be made up by lengthening school days in the school calendar without any loss of funds under the program to support education excellence in Kentucky.

➔Section 5. KRS 158.070 is amended to read as follows:

(1) As used in this section:

(a) "Election" has the same meaning as in KRS 121.015;

(b) "Minimum school term" or "school term" means not less than one hundred eighty-five (185) days composed of the student attendance days, teacher professional days, and holidays;

(c) "School calendar" means the document adopted by a local board of education that establishes the minimum school term, student instructional year or variable student instructional year, and days that school will not be in session;

(d) "School district calendar committee" means a committee that includes at least the following:

1. One (1) school district principal;

2. One (1) school district office administrator other than the superintendent;

3. One (1) member of the local board of education;

4. Two (2) parents of students attending a school in the district;

5. One (1) school district elementary school teacher;

6. One (1) school district middle or high school teacher;

7. Two (2) school district classified employees; and

8. Two (2) community members from the local chamber of commerce, business community, or tourism commission;

(e) "Student attendance day" means any day that students are scheduled to be at school to receive instruction, and encompasses the designated start and dismissal time;

(f) "Student instructional year" means at least one thousand sixty-two (1,062) hours of instructional time for students delivered on not less than one hundred seventy (170) student attendance days;

(g) "Teacher professional day" means any day teachers are required to report to work as determined by a local board of education, with or without the presence of students; and

(h) "Variable student instructional year" means at least one thousand sixty-two (1,062) hours of instructional time delivered on the number of student attendance days adopted by a local board of education which shall be considered proportionally equivalent to one hundred seventy (170) student attendance days and calendar days for the purposes of a student instructional year, employment contracts that are based on the school term, service credit under KRS 161.500, and funding under KRS 157.350.

(2) (a) The local board of education, upon recommendation of the local school district superintendent, shall annually appoint a school district calendar committee to review, develop, and recommend school calendar options.

(b) The school district calendar committee, after seeking feedback from school district employees, parents, and community members, shall recommend school calendar options to the local school district superintendent for presentation to the local board of education. The committee's recommendations shall comply with state laws and regulations and consider the economic impact of the school calendar on the community and the state.

(c) Prior to adopting a school calendar, the local board of education shall hear for discussion the school district calendar committee's recommendations and the recommendation of the superintendent at a meeting of the local board of education.

(d) During a subsequent meeting of the local board of education, the local board shall adopt a school calendar for the upcoming school year that establishes the opening and closing dates of the school term, beginning and ending dates of each school month, student attendance days, and days on which schools shall be dismissed. The local board may schedule days for breaks in the school calendar that shall not be counted as a part of the minimum school term.

(e) For local board of education meetings described in paragraphs (c) and (d) of this subsection, if the meeting is a regular meeting, notice shall be given to media outlets that have requests on file to be notified of special meetings stating the date of the regular meeting and that one (1) of the items to be considered in the regular meeting will be the school calendar. The notice shall be sent at least twenty-four (24) hours before the regular meeting. This requirement shall not be deemed to make any requirements or limitations relating to special meetings applicable to the regular meeting.

(f) A local school board of education that adopts a school calendar with the first student attendance day in the school term starting no earlier than the Monday closest to August 26 may use a variable student instructional year. Districts may set the length of individual student attendance days in a variable student instructional schedule, but no student attendance day shall contain more than seven (7) hours of instructional time unless the district submitted and received approval from the commissioner of education for an innovative alternative calendar.

(3) (a) Each local board of education shall use four (4) days of the minimum school term for professional development and collegial planning activities for the professional staff without the presence of students pursuant to the requirements of KRS 156.095. At the discretion of the superintendent, one (1) day of professional development may be used for district-wide activities and for training that is mandated by federal or state law. The use of three (3) days shall be planned by each school council, except that the district is encouraged to provide technical assistance and leadership to school councils to maximize existing resources and to encourage shared planning.

(b) At least one (1) hour of self-study review of seizure disorder materials shall be required for all principals, guidance counselors, and teachers hired after July 1, 2019.

(c) 1. A local board may approve a school's flexible professional development plan that permits teachers or other certified personnel within a school to participate in professional development activities outside the days scheduled in the school calendar or the regularly scheduled hours in the school work day and receive credit towards the four (4) day professional development requirement within the minimum one hundred eighty-five (185) days that a teacher shall be employed.

2. A flexible schedule option shall be reflected in the school's professional development component within the school improvement plan and approved by the local board. Credit for approved professional development activities may be accumulated in periods of time other than full day segments.

3. No teacher or administrator shall be permitted to count participation in a professional development activity under the flexible schedule option unless the activity is related to the teacher's classroom assignment and content area, or the administrator's job requirements, or is required by the school improvement plan, or is tied to the teacher's or the administrator's individual growth plan. The supervisor shall give prior approval and shall monitor compliance with the requirements of this paragraph. In the case of teachers, a professional development committee or the school council by council policy may be responsible for reviewing requests for approval.

(d) The local board of each school district may use up to a maximum of four (4) days of the minimum school term for holidays; provided, however, any holiday which occurs on Saturday may be observed on the preceding Friday.

(e) Each local board may use two (2) days for planning activities without the presence of students.

(f) Each local board may close schools for the number of days deemed necessary for:

1. National or state emergency or mourning when proclaimed by the President of the United States or the Governor of the Commonwealth of Kentucky;

2. Local emergency which would endanger the health or safety of children; and

3. Mourning when so designated by the local board of education and approved by the Kentucky Board of Education upon recommendation of the commissioner of education.

(4) (a) The Kentucky Board of Education, upon recommendation of the commissioner of education, shall adopt administrative regulations governing the use of student attendance days as a result of a local emergency, as described in subsection (3)(f)2. of this section, and regulations setting forth the guidelines and procedures to be observed for the approval of waivers from the requirements of a student instructional year in subsection (1)(f) of this section for districts that wish to adopt innovative instructional calendars, or for circumstances that would create extreme hardship.

(b) If a local board of education amends its school calendar after its adoption due to an emergency, it may lengthen or shorten any remaining student attendance days by thirty (30) minutes or more, as it deems necessary, provided the amended calendar complies with the requirements of a student instructional

year in subsection (1)(f) of this section or a variable student instructional year in subsection (1)(h) of this section. No student attendance day shall contain more than seven (7) hours of instructional time unless the district submitted and received approval from the commissioner of education for an innovative alternative calendar.

(5) (a) 1. In setting the school calendar, school may be closed for two (2) consecutive days for the purpose of permitting professional school employees to attend statewide professional meetings.

2. These two (2) days for statewide professional meetings may be scheduled to begin with the first Thursday after Easter, or upon request of the statewide professional education association having the largest paid membership, the commissioner of education may designate alternate dates.

3. If schools are scheduled to operate during days designated for the statewide professional meeting, the school district shall permit employees who are delegates to attend as compensated professional leave time and shall employ substitute teachers in their absence.

4. The commissioner of education shall designate one (1) additional day during the school year when schools may be closed to permit professional school employees to participate in regional or district professional meetings.

5. These three (3) days so designated for attendance at professional meetings may be counted as a part of the minimum school term.

(b) 1. If any school in a district is used as a polling place, the school district shall be closed on the day of the election, and those days may be used for professional development activities, professional meetings, or parent-teacher conferences.

2. A district may be open on the day of an election if no school in the district is used as a polling place.

(c) All schools shall be closed on the third Monday of January in observance of the birthday of Martin Luther King, Jr. Districts may:

1. Designate the day as one (1) of the four (4) holidays permitted under subsection (3)(d) of this section; or

2. Not include the day in the minimum school term specified in subsection (1) of this section.

(6) (a) The Kentucky Board of Education, or the organization or agency designated by the board to manage interscholastic athletics, shall be encouraged to schedule athletic competitions outside the regularly scheduled student attendance day.

(b) Any member of a school-sponsored interscholastic athletic team who competes in a regional tournament or state tournament sanctioned by the Kentucky Board of Education, or the organization or agency designated by the board to manage interscholastic athletics, and occurring on a regularly scheduled student attendance day may be counted present at school on the date or dates of the competition, as determined by local board policy, for a maximum of two (2) days per student per year. The student shall be expected to complete any assignments missed on the date or dates of the competition.

(c) The school attendance record of any student for whom paragraph (b) of this subsection applies shall indicate that the student was in attendance on the date or dates of competition.

(7) Schools shall provide continuing education for those students who are determined to need additional time to achieve the outcomes defined in KRS 158.6451, and schools shall not be limited to the minimum school term in providing this education. Continuing education time may include extended days, extended weeks, or extended years. A local board of education may adopt a policy requiring its students to participate in continuing education. The local policy shall set out the conditions under which attendance will be required and any exceptions which are provided. The Kentucky Board of Education shall promulgate administrative regulations establishing criteria for the allotment of grants to local school districts and shall include criteria by which the commissioner of education may approve a district's request for a waiver ***under Section 1 of this Act*** to use an alternative service delivery option, including providing services during the student attendance day on a limited basis. These grants shall be allotted to school districts to provide instructional programs for pupils who are identified as needing additional time to achieve the outcomes defined in KRS 158.6451. A school district that has a school operating a model early reading program under KRS 158.792 may use a portion of its grant money as part of the matching funds to provide individualized or small group reading instruction to qualified students outside of the regular classroom during the student attendance day.

(8) Notwithstanding any other statute, each school term shall include no less than the equivalent of the student instructional year in subsection (1)(f) of this section, or a variable student instructional year in subsection (1)(h) of this section, except that the commissioner of education may grant up to the equivalent of ten (10) student attendance days for school districts that have a nontraditional instruction plan approved by the commissioner of education on days when the school district is closed for health or safety reasons. The district's plan shall indicate how the nontraditional instruction process shall be a continuation of learning that is occurring on regular student attendance days. Instructional delivery methods, including the use of technology, shall be clearly delineated in the plan. Average daily attendance for purposes of Support Education Excellence in Kentucky program funding during the student attendance days granted shall be calculated in compliance with administrative regulations promulgated by the Kentucky Board of Education.

(9) The Kentucky Board of Education shall promulgate administrative regulations to prescribe the conditions and procedures for districts to be approved for the nontraditional instruction program. Administrative regulations promulgated by the board under this section shall specify:

(a) The application, plan review, approval, and amendment process;

(b) Reporting requirements for districts approved for the program, which may include but are not limited to examples of student work, lesson plans, teacher work logs, and student and teacher participation on nontraditional instruction days. Documentation to support the use of nontraditional instruction days shall include clear evidence of learning continuation;

(c) Timelines for initial approval as a nontraditional instruction district, length of approval, the renewal process, and ongoing evaluative procedures required of the district;

(d) Reporting and oversight responsibilities of the district and the Kentucky Department of Education, including the documentation required to show clear evidence of learning continuation during nontraditional instruction days; and

(e) Other components deemed necessary to implement this section.

(10) Notwithstanding the provisions of KRS 158.060(3) and the provisions of subsection (2) of this section, a school district shall arrange bus schedules so that all buses arrive in sufficient time to provide breakfast prior to the beginning of the student attendance day. The superintendent of a school district that participates in the Federal School Breakfast Program may also authorize up to fifteen (15) minutes of the student attendance day to provide the opportunity for children to eat breakfast during instructional time.

(11) Notwithstanding any other statute to the contrary, the following provisions shall apply to a school district that misses student attendance days due to emergencies, including weather-related emergencies:

(a) A certified school employee shall be considered to have fulfilled the minimum one hundred eighty-five (185) day contract with a school district under KRS 157.350 and shall be given credit for the purpose of calculating service credit for retirement under KRS 161.500 for certified school personnel if:

1. State and local requirements under this section are met regarding the equivalent of the number and length of student attendance days, teacher professional days, professional development days, holidays, and days for planning activities without the presence of students; and

2. The provisions of the district's school calendar to make up student attendance days missed due to any emergency, as approved by the Kentucky Department of Education when required, including but not limited to a provision for additional instructional time per day, are met.

(b) Additional time worked by a classified school employee shall be considered as equivalent time to be applied toward the employee's contract and calculation of service credit for classified employees under KRS 78.615 if:

1. The employee works for a school district with a school calendar approved by the Kentucky Department of Education that contains a provision that additional instructional time per day shall be used to make up full days missed due to an emergency;

2. The employee's contract requires a minimum six (6) hour work day; and

3. The employee's job responsibilities and work day are extended when the instructional time is extended for the purposes of making up time.

(c) Classified employees who are regularly scheduled to work less than six (6) hours per day and who do not have additional work responsibilities as a result of lengthened student attendance days shall be

excluded from the provisions of this subsection. These employees may be assigned additional work responsibilities to make up service credit under KRS 78.615 that would be lost due to lengthened student attendance days.

➔Section 6. KRS 158.080 is amended to read as follows:

Private and parochial schools certified in accordance with KRS 156.160(3) shall:

(1) Be taught in the English language and shall offer instruction in the several branches of study required to be taught in the public schools of the state~~[, consistent with KRS 156.445(3)]~~; and

(2) Operate on a school calendar with a minimum school term and student instructional year, as defined in KRS 158.070.

➔Section 7. KRS 158.854 is amended to read as follows:

(1) The Kentucky Board of Education shall promulgate an administrative regulation in accordance with KRS Chapter 13A to specify the minimum nutritional standards for all foods and beverages that are sold outside the National School Breakfast and National School Lunch programs, whether in vending machines, school stores, canteens, or a la carte cafeteria sales. Minimum nutritional standards shall be based on the most recent edition of the United States Department of Agriculture's Dietary Guidelines for Americans. The administrative regulation shall address serving size, sugar, and fat content of the foods and beverages. School districts may impose more stringent standards than the standards implemented under the administrative regulation. A school shall follow the minimum standards specified in the administrative regulation unless a waiver has been requested ***under Section 1 of this Act*** by the school district for the school from the Kentucky Board of Education. ***Notwithstanding the duration of a waiver granted under Section 1 of this Act,*** any waiver approved by the Board of Education ***relating to this section*** shall be reviewed on an annual basis.

(2) As used in this section:

(a) "Competitive food" means any food or beverage item sold in competition with the National School Breakfast and National School Lunch programs. The term does not include any food or beverage sold a la carte in the cafeteria;

(b) "School day" means the period of time between the arrival of the first student at the school building and the end of the last instructional period; and

(c) "School-day-approved beverage" means water, one hundred percent (100%) fruit juice, lowfat milk, and any beverage that contains no more than ten (10) grams of sugar per serving.

(3) No school may sell competitive foods or beverages from the time of the arrival of the first student at the school building until thirty (30) minutes after the last lunch period.

(4) Only school-day-approved beverages shall be sold in elementary schools during the school day in vending machines, school stores, canteens, or fundraisers that sell beverages by students, teachers, or groups.

(5) Nothing in this section or KRS 158.850 shall be construed to limit the sale of any foods or beverages by fundraisers off school property.

➔Section 8. KRS 160.151 is amended to read as follows:

(1) (a) 1. A private, parochial, or church school that has voluntarily been certified by the Kentucky Board of Education in accordance with KRS 156.160***(2)***~~[(3)]~~ may require a national and state criminal background check and require a clear CA/N check, as defined in KRS 160.380, on all new certified hires in the school and student teachers assigned to the school and may require a new national and state criminal background check and require a clear CA/N check on each certified teacher once every five (5) years of employment.

2. Certified individuals who were employed in another certified position in a Kentucky school within six (6) months of the date of the hire and who had previously submitted to a national and state criminal background check and were required to have a clear CA/N check for previous employment may be excluded from the initial national or state criminal background checks.

(b) The national criminal history background check shall be conducted by the Federal Bureau of Investigation. The state criminal history background check shall be conducted by the Department of Kentucky State Police or the Administrative Office of the Courts.

(c) All fingerprints requested under this section shall be on an applicant fingerprint card provided by the Department of Kentucky State Police. The fingerprint cards shall be forwarded to the Federal Bureau of Investigation by the Department of Kentucky State Police after a state criminal background check has been conducted. Any fee charged by the Department of Kentucky State Police, the Administrative Office of the Courts, or the Federal Bureau of Investigation shall be an amount no greater than the actual cost of processing the request and conducting the search.

(2) (a) If a school requires a criminal background check or requires a clear CA/N check for a new hire, the school shall conspicuously include the following disclosure statement on each application or renewal form provided by the employer to an applicant for a certified position: "STATE LAW AUTHORIZES THIS SCHOOL TO REQUIRE A CRIMINAL HISTORY BACKGROUND CHECK AND A LETTER FROM THE CABINET FOR HEALTH AND FAMILY SERVICES STATING THE APPLICANT IS CLEAR TO HIRE BASED ON NO FINDINGS OF SUBSTANTIATED CHILD ABUSE OR NEGLECT FOUND THROUGH A BACKGROUND CHECK OF CHILD ABUSE AND NEGLECT RECORDS AS A CONDITION OF EMPLOYMENT FOR THIS TYPE OF POSITION."

(b) The school or school board may require an adult who is permitted access to school grounds on a regularly scheduled and continuing basis pursuant to a written agreement for the purpose of providing services directly to a student or students as part of a school-sponsored program or activity, a volunteer, or a visitor to submit to a national criminal history check by the Federal Bureau of Investigation and state criminal history background check by the Department of Kentucky State Police or Administrative Office of the Courts and require a clear CA/N check.

(c) Any request for records from the Department of Kentucky State Police under this section shall be on an applicant fingerprint card provided by the Department of Kentucky State Police if required. The results of the state criminal background check and the results of the national criminal history background check, if requested, shall be sent to the hiring superintendent. If a background check of child abuse and neglect records is requested, the person seeking employment shall provide to the hiring superintendent a clear CA/N check.

(d) Any fee charged by the Department of Kentucky State Police shall be an amount no greater than the actual cost of processing the request and conducting the search.

(3) (a) A nonpublic school voluntarily implementing the provisions of this chapter may choose not to employ any person who is a violent offender as defined by KRS 17.165(2), has been convicted of a sex crime which is classified as a felony as defined by KRS 17.165(1), or has committed a violent crime as defined in KRS 17.165(3) or persons with a substantiated finding of child abuse or neglect in records maintained by the Cabinet for Health and Family Services. A nonpublic school may employ, at its discretion, persons convicted of sex crimes classified as a misdemeanor.

(b) If a school term has begun and a certified position remains unfilled or if a vacancy occurs during a school term, a nonpublic school implementing this chapter may employ an individual who will have supervisory or disciplinary authority over minors on probationary status pending receipt of a criminal history background check or the receipt of a clear CA/N check, provided by the individual.

(c) Employment at a nonpublic school implementing this chapter may be contingent on the receipt of a criminal history background check documenting a record as a violent offender, of a sex crime, or of a violent crime as defined in KRS 17.165 or the receipt of a clear CA/N check, provided by the individual.

(d) Nonpublic schools implementing this chapter may terminate probationary employment under this section upon receipt of a criminal history background check documenting a record as a violent offender, of a sex crime, or of a violent crime as defined in KRS 17.165 or the receipt of a clear CA/N check.

(4) The form for requesting a clear CA/N check shall be made available on the Cabinet for Health and Family Services Web site.

➔Section 9. KRS 160.380 is amended to read as follows:

(1) As used in this section:

(a) "Administrative finding of child abuse or neglect" means a substantiated finding of child abuse or neglect issued by the Cabinet for Health and Family Services that is:

1. Not appealed through an administrative hearing conducted in accordance with KRS Chapter 13B;

2. Upheld at an administrative hearing conducted in accordance with KRS Chapter 13B and not appealed to a Circuit Court; or

3. Upheld by a Circuit Court in an appeal of the results of an administrative hearing conducted in accordance with KRS Chapter 13B;

(b) "Alternative education program" means a program that exists to meet the needs of students that cannot be addressed in a traditional classroom setting but through the assignment of students to alternative classrooms, centers, or campuses that are designed to remediate academic performance, improve behavior, or provide an enhanced learning experience. Alternative education programs do not include career or technical centers or departments;

(c) "Clear CA/N check" means a letter from the Cabinet for Health and Family Services indicating that there are no administrative findings of child abuse or neglect relating to a specific individual;

(d) "Relative" means father, mother, brother, sister, husband, wife, son and daughter; and

(e) "Vacancy" means any certified position opening created by the resignation, dismissal, nonrenewal of contract, transfer, or death of a certified staff member of a local school district, or a new position created in a local school district for which certification is required. However, if an employer-employee bargained contract contains procedures for filling certified position openings created by the resignation, dismissal, nonrenewal of contract, transfer, or death of a certified staff member, or creation of a new position for which certification is required, a vacancy shall not exist, unless certified positions remain open after compliance with those procedures.

(2) Except as provided in KRS 160.346, the school district personnel actions identified in this section shall be carried out as follows:

(a) All appointments, promotions, and transfers of principals, supervisors, teachers, and other public school employees shall be made only by the superintendent of schools, who shall notify the board of the action taken. All employees of the local district shall have the qualifications prescribed by law and by the administrative regulations of the Kentucky Board of Education and of the employing board. Supervisors, principals, teachers, and other employees may be appointed by the superintendent for any school year at any time after February 1 preceding the beginning of the school year. No superintendent of schools shall appoint or transfer himself or herself to another position within the school district;

(b) When a vacancy occurs in a local school district, the superintendent shall submit the job posting to the statewide job posting system described in KRS 160.152 fifteen (15) days before the position shall be filled. The local school district shall post position openings in the local board office for public viewing;

(c) When a vacancy needs to be filled in less than fifteen (15) days' time to prevent disruption of necessary instructional or support services of the school district, the superintendent may seek a waiver from the chief state school officer ***outside of the process established in Section 1 of this Act***. If the waiver is approved, the appointment shall not be made until the person recommended for the position has been approved by the chief state school officer. The chief state school officer shall respond to a district's request for waiver or for approval of an appointment within two (2) working days; and

(d) When a vacancy occurs in a local district, the superintendent shall conduct a search to locate minority teachers to be considered for the position. The superintendent shall, pursuant to administrative regulations of the Kentucky Board of Education, report annually the district's recruitment process and the activities used to increase the percentage of minority teachers in the district.

(3) Restrictions on employment of relatives shall be as follows:

(a) No relative of a superintendent of schools shall be an employee of the school district. However, this shall not apply to a relative who is a classified or certified employee of the school district for at least thirty-six (36) months prior to the superintendent assuming office and who is qualified for the position the employee holds. A superintendent's spouse who has previously been employed in a school system may be an employee of the school district. A superintendent's spouse who is employed under this provision shall not hold a position in which the spouse supervises certified or classified employees. A superintendent's spouse may supervise teacher aides and student teachers. However, the superintendent shall not promote a relative who continues employment under an exception of this subsection;

(b) No superintendent shall employ a relative of a school board member of the district;

(c) No principal's relative shall be employed in the principal's school; and

(d) A relative that is ineligible for employment under paragraph (a), (b), or (c) of this subsection may be employed as a substitute for a certified or classified employee if the relative is not:

1. A regular full-time or part-time employee of the district;

2. Accruing continuing contract status or any other right to continuous employment;

3. Receiving fringe benefits other than those provided other substitutes; or

4. Receiving preference in employment or assignment over other substitutes.

(4) No superintendent shall assign a certified or classified staff person to an alternative education program as part of any disciplinary action taken pursuant to KRS 161.011 or 161.790 as part of a corrective action plan established pursuant to the local district evaluation plan.

(5) No superintendent shall employ in any position in the district any person who:

(a) Has been convicted of an offense that would classify a person as a violent offender under KRS 439.3401;

(b) Has been convicted of a sex crime as defined by KRS 17.500 or a misdemeanor offense under KRS Chapter 510;

(c) Is required to register as a sex offender under KRS 17.500 to 17.580; or

(d) Has an administrative finding of child abuse or neglect in records maintained by the Cabinet for Health and Family Services.

(6) Requirements for background checks shall be as follows:

(a) A superintendent shall require the following individuals to submit to a national and state criminal background check by the Department of Kentucky State Police and the Federal Bureau of Investigation and have a clear CA/N check, provided by the individual:

1. Each new certified or classified hire;

2. A nonfaculty coach or nonfaculty assistant as defined under KRS 161.185;

3. A student teacher;

4. A school-based decision making council parent member; and

5. Any adult who is permitted access to school grounds on a regularly scheduled and continuing basis pursuant to a written agreement for the purpose of providing services directly to a student or students as part of a school-sponsored program or activity;

(b) 1. The requirements of paragraph (a) of this subsection shall not apply to:

a. Classified and certified individuals employed by the school district prior to June 27, 2019;

b. Certified individuals who were employed in another certified position in a Kentucky school district within six (6) months of the date of hire and who had previously submitted to a national and state criminal background check and who have a clear CA/N check for the previous employment; or

c. Student teachers who have submitted to and provide a copy of a national and state criminal background check by the Department of Kentucky State Police and the Federal Bureau of Investigation through an accredited teacher education institution in which the student teacher is enrolled and who have a clear CA/N check.

2. The Education Professional Standards Board may promulgate administrative regulations to impose additional qualifications to meet the requirements of Pub. L. No. 92-544;

(c) A parent member may serve prior to the receipt of the criminal history background check and CA/N letter required by paragraph (a) of this subsection but shall be removed from the council on receipt by the school district of a report documenting a record of abuse or neglect, or a sex crime or criminal

offense against a victim who is a minor as defined in KRS 17.500, or as a violent offender as defined in KRS 17.165, and no further procedures shall be required;

(d) A superintendent may require a volunteer or a visitor to submit to a national and state criminal history background check by the Department of Kentucky State Police and the Federal Bureau of Investigation and have a clear CA/N check, provided by the individual; and

(e) The superintendent of a school district operating under an alternative transportation plan approved by the Kentucky Department of Education in accordance with KRS 156.153(3) shall require the driver of any non-school bus passenger vehicle authorized to transport students to and from school pursuant to the alternative transportation plan who does not have a valid commercial driver's license issued in accordance with KRS Chapter 281A with an "S" endorsement to:

1. Submit to a national and state criminal background check by the Department of Kentucky State Police and the Federal Bureau of Investigation at least once every three (3) years and a criminal records check conducted in accordance with KRS 27A.090 in all other years;

2. Submit to drug testing consistent with the requirements of 49 C.F.R. pt. 40;

3. Provide a biannual driving history record check performed by the Transportation Cabinet;

4. Provide an annual clear CA/N check;

5. Immediately notify the superintendent of any conviction for a violation under KRS Chapter 189 for which penalty points are assessed; and

6. Immediately notify the superintendent of any citation or arrest for a violation of any provision of KRS Chapter 189A. The superintendent shall inform the Kentucky Department of Education of the notification.

(7) (a) If a certified or classified position remains unfilled after July 31 or if a vacancy occurs during a school term, a superintendent may employ an individual, who will have supervisory or disciplinary authority over minors, on probationary status pending receipt of the criminal history background check and a clear CA/N check, provided by the individual. Application for the criminal record and a request for a clear CA/N check of a probationary employee shall be made no later than the date probationary employment begins.

(b) Employment shall be contingent on the receipt of the criminal history background check documenting that the probationary employee has no record of a sex crime nor as a violent offender as defined in KRS 17.165 and receipt of a letter, provided by the individual, from the Cabinet for Health and Family Services stating the employee is clear to hire based on no administrative findings of child abuse or neglect found through a background check of child abuse and neglect records maintained by the Cabinet for Health and Family Services.

(c) Notwithstanding KRS 161.720 to 161.800 or any other statute to the contrary, probationary employment under this section shall terminate on receipt by the school district of a criminal history background check documenting a record of a sex crime or as a violent offender as defined in KRS 17.165 and no further procedures shall be required.

(8) The provisions of KRS 161.790 shall apply to terminate employment of a certified employee on the basis of a criminal record other than a record of a sex crime or as a violent offender as defined in KRS 17.165, or on the basis of a CA/N check showing an administrative finding of child abuse or neglect.

(9) (a) All fingerprints requested under this section shall be on an applicant fingerprint card provided by the Department of Kentucky State Police. The fingerprint cards shall be forwarded to the Federal Bureau of Investigation from the Department of Kentucky State Police after a state criminal background check is conducted. The results of the state and federal criminal background check shall be sent to the hiring superintendent. Any fee charged by the Department of Kentucky State Police, the Federal Bureau of Investigation, and the Cabinet for Health and Family Services shall be an amount no greater than the actual cost of processing the request and conducting the search.

(b) Each application form, provided by the employer to an applicant for a certified or classified position, shall conspicuously state the following: "FOR THIS TYPE OF EMPLOYMENT, STATE LAW REQUIRES A NATIONAL AND STATE CRIMINAL HISTORY BACKGROUND CHECK AND A LETTER, PROVIDED BY THE INDIVIDUAL, FROM THE CABINET FOR HEALTH AND FAMILY SERVICES STATING THE APPLICANT HAS NO ADMINISTRATIVE FINDINGS OF

CHILD ABUSE OR NEGLECT FOUND THROUGH A BACKGROUND CHECK OF CHILD ABUSE AND NEGLECT RECORDS MAINTAINED BY THE CABINET FOR HEALTH AND FAMILY SERVICES."

(c) Each application form for a district position shall require the applicant to:

1. Identify the states in which he or she has maintained residency, including the dates of residency; and

2. Provide picture identification.

(10) Notwithstanding any provision of the Kentucky Revised Statutes to the contrary, when an employee of the school district is charged with any offense which is classified as a felony, the superintendent may transfer the employee to a second position until such time as the employee is found not guilty, the charges are dismissed, the employee is terminated, or the superintendent determines that further personnel action is not required. The employee shall continue to be paid at the same rate of pay he or she received prior to the transfer. If an employee is charged with an offense outside of the Commonwealth, this provision may also be applied if the charge would have been treated as a felony if committed within the Commonwealth. Transfers shall be made to prevent disruption of the educational process and district operations and in the interest of students and staff and shall not be construed as evidence of misconduct.

(11) Notwithstanding any law to the contrary, each certified and classified employee of the school district shall notify the superintendent if he or she has been found by the Cabinet for Health and Family Services to have abused or neglected a child, and if he or she has waived the right to appeal a substantiated finding of child abuse or neglect or if the substantiated incident was upheld upon appeal. Any failure to report this finding shall result in the certified or classified employee being subject to dismissal or termination.

(12) The form for requesting a CA/N check shall be made available on the Cabinet for Health and Family Services website.

➔Section 10. KRS 164.769 is amended to read as follows:

(1) It is the intent of the General Assembly to establish a teacher scholarship program to assist highly qualified individuals to become certified Kentucky teachers and render teaching service in Kentucky schools.

(2) For purposes of this section, the terms listed below shall have the following meanings:

(a) "Critical shortage area" means an understaffing of teachers in particular subject matters at the secondary level, in grade levels, or in geographic locations at the elementary and secondary level, as determined by the commissioner of education in consultation with the authority. The commissioner and the authority may use any source considered reliable, including but not limited to local education agencies, to identify the critical shortage areas;

(b) "Dual credit" has the same meaning as in KRS 158.007;

(c) "Eligible program of study" means an undergraduate or graduate program of study which is preparatory to teacher certification;

(d) "Expected family contribution" means the amount that a student and his family are expected to contribute toward the cost of the student's education determined by applying methodology set forth in 20 U.S.C. sec. 1087 kk to 1087 vv;

(e) "Participating institution" means an institution of higher education located in Kentucky which offers an eligible program of study and has in force an agreement with the authority providing for administration of this program;

(f) "Qualified teaching service" means teaching the major portion of each school day for at least seventy (70) days each semester in a public school of the Commonwealth or a private school certified pursuant to KRS 156.160***(2)***~~[(3)]~~, except that an individual having a disability defined by Title II of the Americans with Disabilities Act (42 U.S.C. secs. 12131 et seq.) or serious and extended illness, whose disability or illness, certified by a licensed physician, prevents that individual from teaching a major portion of each school day, shall be deemed to perform qualified teaching service by teaching the maximum time permitted by the attending physician;

(g) "Semester" means a period of about eighteen (18) weeks, which usually makes up one-half (1/2) of a school year or one-half (1/2) of a participating institution's academic year; and

(h) "Summer term" means an academic period consisting of one (1) or more sessions of instruction between a spring and a fall semester.

(3) The authority may, to the extent of appropriations and other funds available to it pursuant to subsection (9) of this section, award teacher scholarships to persons eligible under subsection (4) of this section, who initially demonstrate financial need in accordance with standards and criteria established by the authority or received teacher scholarships pursuant to this section prior to July 1, 1996. Each teacher scholarship shall be evidenced by a promissory note that requires repayment or cancellation pursuant to subsection (6) of this section.

(4) Kentucky residents who are United States citizens and enrolled or accepted for enrollment in an eligible program of study at a participating institution shall be eligible to apply for and be awarded teacher scholarships. Teacher scholarships shall first be awarded to highly qualified eligible students who meet standards and requirements established by the Education Professional Standards Board pursuant to KRS 161.028 for admission to a teacher education program at a participating institution in pursuit of initial teacher certification. If funds are not depleted after awarding teacher scholarships to students who meet the preceding criteria, then awards shall be made to any otherwise eligible students.

(5) The authority shall establish, by administrative regulation, the maximum amount of scholarship to be awarded for each semester and summer term under this section. The amount of each scholarship to be awarded shall not exceed the applicant's total cost of education minus other financial assistance received or expected to be received by the applicant during the academic period.

(6) (a) The authority shall disburse teacher scholarships to eligible students who agree to render qualified teaching service as certified teachers, and are unconditionally admitted and enrolled in an eligible program of study.

(b) A teacher scholarship shall not be awarded or a promissory note cancellation shall not be granted to any person who is in default on any obligation to the authority under any program administered by the authority pursuant to KRS 164.740 to 164.785 until financial obligations to the authority are satisfied, except that ineligibility for this reason may be waived by the authority for cause.

(c) Recipients shall render one (1) semester of qualified teaching service for each semester or summer term of scholarship received, except that recipients who teach in a critical shortage area designated by the authority or teach dual credit coursework in a certified Kentucky high school shall render one (1) semester of qualified teaching service as repayment for two (2) semesters or summer terms of scholarships received. Upon completion of each semester of qualified teacher service, the authority shall cancel the appropriate number of promissory notes.

(d) If the recipient of a teacher scholarship fails to complete an eligible program of study at a participating institution or fails to render qualified teaching service in any semester following certification or recertification, unless the failure is temporarily waived for cause by the authority, the recipient shall immediately become liable to the authority for repayment of the sum of all outstanding promissory notes and accrued interest. Persons liable for repayment of scholarships under this paragraph shall be liable for interest accruing from the dates on which the teacher scholarships were disbursed.

(e) Recipients who have outstanding loans or scholarships under KRS 156.611, 156.613, 164.768, or 164.770 respectively, and who render qualified teaching service, shall have their notes canceled in accordance with subsection (6)(c) of this section.

(f) The authority shall establish, by administrative regulation, the terms and conditions for the award, cancellation, and repayment of teacher scholarships including, but not limited to, the selection criteria, eligibility for renewal awards, amount of scholarship payments, deferments, the rate of repayment, and the interest rate thereon.

(g) Notwithstanding any other statute to the contrary, the maximum interest rate applicable to repayment of a promissory note under this section shall be eight percent (8%) per annum, except that if a judgment is rendered to recover payment, the judgment shall bear interest at the rate of five percent (5%) greater than the rate actually charged on the promissory note.

(7) A repayment obligation imposed by this section shall not be voidable by reason of the age of the recipient at the time of receiving the teacher scholarship.

(8) Failure to meet repayment obligations imposed by this section shall be cause for the revocation of a person's teaching certificate, subject to the procedures set forth in KRS 161.120.

(9) All moneys repaid to the authority under this section shall be added to the appropriations made for purposes of this section, and the funds and unobligated appropriations shall not lapse.

(10) The authority may execute appropriate contracts and promissory notes for administering this section.

(11) Notwithstanding any other statute to the contrary, if available funds are insufficient for all requested scholarships for eligible applicants during any fiscal year, the authority shall give priority consideration to eligible applicants who previously received teacher scholarships and, until June 30, 2018, to loan forgiveness for teachers who have outstanding loan balance eligibility for Best in Class loans issued prior to June 30, 2008. If funds are insufficient to make all requested renewal scholarships to eligible applicants, the authority shall reduce all scholarship awards to the extent necessary to provide scholarships to all qualified renewal applicants. If, after awarding all eligible renewal applicants, funds are not depleted, initial applications shall be ranked according to regulatory selection criteria, which may include expected family contribution and application date, and awards shall be made to highly qualified applicants until funds are depleted.

(12) The authority shall submit a report on the number of teacher scholarships provided in each fiscal year, the program of study in which recipients are enrolled, recipient retention rates, total number of applications, and scholarship recruitment strategies to the Interim Joint Committee on Education by December 1 of each year.

➔SECTION 11. A NEW SECTION OF KRS 156.395 TO 156.476 IS CREATED TO READ AS FOLLOWS:

(1) (a) The Kentucky Department of Education shall establish an instructional materials depository for the schools of the Commonwealth.

(b) The department may enter into contracts to designate an entity to serve as the department's agent to carry out the responsibilities of the depository under KRS 156.395 to 156.476.

(c) To leverage the purchasing power of the Commonwealth's schools, the depository shall negotiate prices on behalf of the department and all school districts.

(2) (a) In accordance with KRS Chapter 45A, school districts and the department shall use the depository in purchasing the instructional materials included in the state-approved list established by the State Quality Curriculum Task Force under KRS 156.395 to 156.476.

(b) Superintendents of school districts shall use the instructional materials depository to report the school district's selection of instructional materials to the department, unless the school district purchases approved alternate instructional materials under Section 20 of this Act.

(3) The depository shall make available to school districts and the public the necessary information for assessing the instructional materials included in the state-approved list. The information shall include but not be limited to:

(a) Each of the instructional materials included in the state-approved list, capable of being organized by grade or grade band and content area;

(b) Summary results of the instructional materials evaluations conducted by the task force and any factual error identified in the instructional materials;

(c) A list of the accompanying manuals, workbooks, and other ancillary items for instructional materials included in the state-approved list; and

(d) A list of the school districts within the state that have adopted each of the instructional materials, including for each school district:

1. The statewide assessment results in the associated content area; and

2. Identification of any interim or formative assessment utilized by the district pursuant to subsection (8) of Section 28 of this Act.

➔Section 12. KRS 156.395 is amended to read as follows:

As used in ~~[For purposes of]~~ KRS ***156.395*** ~~[156.400]~~ to 156.476, unless the context requires otherwise***:***

(1) "Department" means the Kentucky Department of Education;

(2) "Grade band" means a collection of two (2) or more consecutive grade levels that are interconnected for cohesive instructional purposes in a content area;

(3) [,]"Instructional materials" means tools used to assist in student learning, as defined in administrative regulations promulgated by the Kentucky Board of Education ***in accordance with KRS Chapter 13A;***

(4) "Instructional materials depository" or "depository" means the instructional materials depository established under Section 11 of this Act;

(5) "Instructional materials reviewer" means a professional or lay citizen recommended and approved under Section 15 of this Act to provide assistance to the department and task force in the review of instructional materials;

(6) "State-approved list" means the list of high quality instructional materials and programs developed, approved, and published under KRS 156.395 to 156.476; and

(7) "Task force" means the State Quality Curriculum Task Force established in Section 14 of this Act.

➔Section 13. KRS 156.400 is amended to read as follows:

(1) The chief state school officer shall arrange the elementary, middle, and high school subjects ***of reading and writing, mathematics, science, and social studies into instructional materials review and selection*** [included in the state courses of study as prescribed by the Kentucky Board of Education into six (6) adoption] groups ***aligned with the process and schedule for reviewing Kentucky's academic standards and assessments established under KRS 158.6453***.[

(2) Contracts for each of the six (6) adoption groups shall be for a period of six (6) years and shall be executed on a staggered basis, with one (1) group being up for adoption each year. The six (6) adoption groups shall be arranged by similarity of content to the extent possible, while being arranged as nearly equal in number and purchase cost as possible.] Subjects ***by grade or by grade band*** with rapidly changing or highly technical content may be considered more frequently than once during a six (6) year cycle.

(2) [(3)] The chief state school officer may delay the purchase of ***instructional materials*** [books] due to insufficient funds, but any purchases of ***instructional materials by a school district or the department*** [books] shall be in accordance with this chapter.

➔Section 14. KRS 156.405 is amended to read as follows:

(1) The [purpose of the]State ***Quality Curriculum Task Force is hereby established to:*** [Textbook Commission is]

(a) Promote increased access to high quality instructional materials;

(b) Support school districts in the evaluation, selection, and use of high quality instructional materials; [to]

(c) Provide a ***state-approved*** [recommended] list of current and high quality textbooks and instructional materials to [local]school districts that complement the educational program in Kentucky schools***;*** [; to]

(d) Provide a consumer guide to schools to aid with the selection of ***high quality instructional*** materials***;*** [;] and[to]

(e) Provide for public participation in the ***review*** [evaluation] process.

(2) ***(a)*** The ***task force*** [State Textbook Commission] shall consist of ***a minimum of*** [the chief state school officer and] ten (10) appointive members ***who*** [. The ten (10) members] shall be appointed by the [Kentucky Board of Education upon the recommendation of the]chief state school officer ***in accordance with subsection (6) of this section*** for terms of four (4) years***,*** with two (2) appointments each year, except that every fourth year there shall be four (4) appointments. ***A*** [No] member shall ***not*** be eligible to serve more than two (2) full terms consecutively.

(b) All vacancies that occur on the ***task force*** [State Textbook Commission] shall be filled in like manner for the remainder of the unexpired terms.

(c) The department ***and the task force*** [of Education and the State Textbook Commission] shall receive assistance in the ***instructional materials review*** [textbook evaluation] process from professionals and lay citizens ***appointed to be instructional materials reviewers under subsection (4) of this section.*** [who will be referred to in this chapter as the "textbook reviewers."]

(3) ***For the subjects of reading and writing, mathematics, science, and social studies,*** the ***task force*** [State Textbook Commission] shall:

(a) Select and direct the activities of the ***instructional materials***~~[textbook]~~ reviewers***,*** who ***shall*** develop ***and recommend subject specific*** selection criteria and ***evaluation forms to be used in a school district's selection of***~~[review]~~ ***instructional materials***~~[textbooks]~~ and programs;

(b) Develop ***general*** selection criteria and evaluation forms with the help of the ***instructional materials***~~[textbook]~~ reviewers and ~~[Kentucky]~~department ~~[of Education]~~staff to be used in ***a school district's selection of instructional materials and programs***~~[the state level review process]~~;

(c) Approve the ***selection criteria and evaluation forms developed by***~~[evaluative criteria and forms used by the commission and]~~ ***instructional materials***~~[textbook]~~ reviewers ***under paragraph (a) of this subsection***;

(d) Review the ***instructional materials***~~[textbook]~~ reviewers' evaluations, and ***consider instructional materials***~~[textbooks]~~ or programs as it deems necessary, in order to select from them a ***state-approved***~~[recommended]~~ list of high quality ***instructional*** materials;

(e) Provide notice of and the opportunity for public inspection of ***the instructional materials***~~[textbooks]~~ and programs ***that are included in the state-approved list and*** offered for adoption and use in the public schools***, which may be done through the instructional materials depository***;

(f) ~~[Conduct a public hearing for the purpose of receiving public comment concerning textbooks and programs under consideration;~~

~~(g)]~~Select, recommend, and publish ***from the list provided by the instructional materials depository under Section 15 of this Act the***~~[a]~~ ***state-approved*** list of high quality ***instructional materials***~~[textbooks]~~ and programs; and

(g)~~[(h)]~~ Publish a consumer guide and distribute it to Kentucky public schools ***that shall include the general selection criteria, subject-specific selection criteria, and the evaluation forms for a school district's review and selection of instructional materials and programs***.

(4) The ***instructional materials***~~[textbook]~~ reviewers shall be***:***

(a) ***Composed***~~[comprised]~~ of ***a minimum of eight (8)***~~[twelve (12)]~~ individuals ***who served on the advisory panels or review committees as part of the standards review process established in KRS 158.6453*** for the area or areas being considered***, two (2) of whom are parents who have a child currently enrolled in public schools in Kentucky; and***~~[for adoption. The textbook reviewers shall be]~~

(b) Approved by the ***task force***~~[State Textbook Commission]~~ based on the recommendation of the chief state school officer.

(5) The ***instructional materials***~~[textbook]~~ reviewers shall:

(a) Develop and submit to the ***task force***~~[commission]~~ subject specific ***selection criteria and evaluation forms***~~[evaluative criteria]~~ to be used ***by school districts*** in reviewing ***instructional materials***~~[textbooks]~~ and programs; ***and***

(b) ~~[Review textbooks and programs to determine those of high quality, using evaluative criteria and forms approved by the commission;~~

~~(c) Submit to the commission reviews and evaluative forms regarding reviewed textbooks and programs;~~

~~(d)]~~Attend meetings and training sessions as requested by the ***task force***~~[commission]~~ and the department~~[of Education; and~~

~~(e) Ensure that textbooks are free from factual error]~~.

(6) (a) ***The chief state school officer shall appoint the following members of the task force:***

1. Eight (8) ~~[of the appointive]~~members ***who***~~[of the State Textbook Commission shall]~~ have had not less than five (5) years teaching or supervising experience in the public schools of Kentucky and shall have had at the time of their appointment at least four (4) years of college training in a recognized institution of higher education ***of whom:***~~[.]~~

a.~~[2.]~~ ***Two (2)***~~[Five (5)]~~ members ***who are***~~[of the commission shall be]~~ classroom teachers ***or instructional coaches*** actively employed in the public schools of Kentucky as teachers ***or instructional coaches*** in subject field or fields for which the ***task force***~~[commission]~~ will ***select instructional materials; and***~~[select books.]~~

b.[3.] ***Six (6)***[Two (2)] members ***who are***[shall be] principals, ***instructional*** supervisors, or superintendents of public schools or public school systems***;***[.]

2.[4.] ***At least*** one (1) member ***who is***[shall be] a member of the faculty of a public institution of higher education engaged in teacher preparation***; and***[.]

3.[5.] ***At least one (1) member who is a***[two (2) members shall be] lay ***citizen who has***[citizens, one (1) of whom shall have] a child enrolled in a public school at the time of appointment.

(b) In ***appointing***[recommending] the members of the ***task force,***[State Textbook Commission] the chief state school officer shall give due regard to representation from rural and urban areas and from [the]elementary, middle, and high school levels[when the educational levels are included in the subject field or fields for which adoptions are to be made].

(7) [Textbook reviewers shall have the following qualifications: Six (6) of the textbook reviewers shall be instructional supervisors and classroom teachers in various and appropriate grade levels primary through grade twelve (12), with experience and training in the subject areas to be reviewed. One (1) reviewer shall have expertise and training in learning theory as applied to the classroom situation. One (1) reviewer shall be a current or former university faculty member with expertise in the content area of the textbooks to be reviewed. One (1) reviewer shall have experience and training in readability and formatting of textbooks. Three (3) reviewers shall be parents, two (2) of whom shall have a child currently enrolled in public schools in Kentucky.

(8)]***Members of the task force and the instructional materials reviewers shall serve without compensation but shall be reimbursed for necessary travel and expenses while attending meetings at the same per diem rate promulgated in administrative regulation for state employees under KRS Chapter 45. The department shall provide funds to school districts to cover the cost of substitute teachers for those teacher members of the task force at the rate established for substitute teachers at each school district***[Members of the State Textbook Commission shall receive fifty ($50) dollars per day and reimbursement for their actual expenses while attending commission meetings. Textbook reviewers shall receive remuneration based on the amount of textbooks and programs to be reviewed and criteria to be developed as determined by the chief state school officer. Textbook reviewers shall be paid one hundred dollars ($100) per day, not to exceed one thousand dollars ($1,000) annually. Textbook reviewers shall also receive reimbursement for actual expenses while attending reviewer or commission meetings].

(8)[(9)] The meetings of the ***task force***[State Textbook Commission] shall be open to the public**,**[and shall be held at least once every quarter] and notice of ***meetings***[such meeting] shall be given in accordance with KRS ***61.805 to 61.850***[424.110 to 424.210].

(9)[(10)] Not later than May 1 each year***, if funding is available,*** the chief state school officer shall call the ***task force***[State Textbook Commission] into session. The members of the ***task force***[State Textbook Commission] shall elect one (1) of its voting members as ***chair***[chairman and shall adopt administrative regulations for the procedure of the commission. The chief state school officer shall be the secretary of the commission].

(10) At the direction of the chief state school officer, the task force may select, recommend, and publish instructional materials in subjects beyond reading and writing, mathematics, science, and social studies to be added to the state-approved list. The review and selection process shall be in accordance with KRS 156.395 to 156.476.

➔Section 15. KRS 156.407 is amended to read as follows:

(1) The chief state school officer shall, not later than ***one (1) academic year following the academic standards and assessment review process established in KRS 158.6453 for reading and writing, mathematics, science, and social studies, recommend at least eight (8) nominees for instructional materials reviewers who previously served on advisory panels or review committees under KRS 158.6453 for the content area or areas being reviewed***[February 1 of each year in which an adoption is to be made, solicit applications for filling twelve (12) positions for textbook reviewers].

(2) [Solicitation shall be statewide for all appointments and include specifications which ensure candidates have professional expertise in the subject areas to be reviewed if appropriate for the appointment.

(3)]The State ***Quality Curriculum Task Force***[Textbook Commission, at its first yearly meeting,] shall ***review and approve instructional materials***[select textbook] reviewers based on[a list of qualified applicants prepared by] the chief state school ***officer's***[officer and giving consideration to the] recommendations as specified in KRS 156.405.

(3)~~[(4)]~~ The ***department's***~~[Department of Education's]~~ curriculum and instruction specialists shall serve as staff to the ***task force***~~[commission]~~ and reviewers ***and***~~[. The staff]~~ shall:

(a) Orient and train the ***task force***~~[commission]~~ and reviewers regarding departmental policy and review procedures; ***and***

(b) Make available existing ***academic*** standards***, the model curriculum framework established in KRS 158.6451,*** and ***selection*** criteria ***and evaluation forms for the review of instructional materials***~~[for textbook evaluation; and~~

~~(c) Provide supplies and sample textbooks for the review process]~~.

(4)~~[(5)]~~ The ***instructional materials***~~[textbook]~~ reviewers shall develop subject specific criteria for ***instructional materials selection***~~[textbook review]~~ and evaluation***, including but not limited to***~~[in]~~ the following~~[textbook]~~ areas:

(a) Subject content, including its ***alignment***~~[relationship]~~ to the academic ***standards and*** expectations ***established in KRS 158.6453***;

(b) Audience;

(c) Format***, including print, nonprint, and electronic modes of instruction***;

(d) Readability ***and accessibility for all learners***;

(e) Accuracy ***and evidence of a research basis with external validity and reliability***;~~[and]~~

(f) ***Cultural relevance and freedom from bias;***

(g) Projected cost of the materials; and

(h) Ancillary materials.

(5)~~[(6)]~~ ~~[On or before July 15,]~~The ***task force***~~[State Textbook Commission]~~ shall develop general criteria, review and approve subject specific criteria, and provide the standard criteria and evaluation forms to be used by ***local schools and school districts in the evaluation, selection, and use of high quality instructional materials and programs***~~[the commission and textbook reviewers.~~

~~(7) Based upon approval of the standard criteria and evaluation forms, the textbook reviewers shall review textbooks and programs. The committee shall submit evaluation forms for each textbook or program reviewed in each of the five (5) areas, set forth in subsection (5) of this section, with comments related to strengths and weaknesses in each area]~~.

(6) (a) ~~[(8)]~~The ***task force***~~[State Textbook Commission]~~ shall review the work of the ***instructional materials***~~[textbook]~~ reviewers and***,*** based on this review and any of its own reviews of textbooks or programs, establish ***the state-approved list of***~~[a state multiple list of recommended]~~ ***instructional materials***~~[textbooks]~~ and programs.

(b) The ***state-approved*** list of~~[recommended]~~ ***instructional materials***~~[textbooks]~~ and programs shall be free of factual error.

(c) Copies of all ***selection criteria and*** evaluation forms submitted by the ***instructional materials***~~[textbook]~~ reviewers shall be***:***

1. Made available to ***task force***~~[commission]~~ members and maintained on file within the department~~[of Education]~~ for the ***duration of the review*** cycle***; and***

2. Provided in a consumer guide to schools and districts to aid in the selection of high quality instructional materials~~[length of the books. For those materials placed on the state multiple list of recommended textbooks and programs, the Department of Education shall publish a consumer guide that includes summary results of the evaluations and any factual error identified in the textbooks, and shall distribute it to all public schools in the state]~~.

➔Section 16. KRS 156.410 is amended to read as follows:

(1) The chief state school officer shall prepare minimum manufacturing standards, delineate content specifications~~[,]~~ in accordance with ***the academic standards established in KRS 158.6453***~~[the curriculum requirements of the program of studies]~~ for Kentucky schools ***in***~~[:]~~ grades ***kindergarten through twelve (12)***~~[K-12]~~, and formulate other criteria for use in the evaluation of ***instructional materials to guide the***

instructional resources depository established in Section 11 of this Act, which~~[textbooks and programs in Kentucky. Criteria]~~ shall require that all materials be suitable for use with a diverse population and be free of social, ethnic, racial, religious, age, gender, and geographic bias.

(2) ~~[It shall be the duty of the chief state school officer to prepare all necessary forms for use in the evaluation of textbooks and programs, such as advertising for textbook bids; forms for bids, bonds, and contracts; and other forms.~~

~~(3)]~~The Kentucky Board of Education, upon the recommendation of the chief state school officer, shall have authority to ***promulgate administrative regulations in accordance with KRS Chapter 13A***~~[prescribe]~~:

(a) ~~[Administrative regulations]~~Pertaining to ***the evaluation, selection, and use of high quality instructional materials and programs***~~[all textbook samples for use]~~ on the state and local levels; and

(b) ~~[Shall have authority to promulgate administrative regulations]~~Relating to the agents and representatives of ***instructional materials***~~[textbooks]~~ and programs ***and***~~[, as to]~~ the methods and procedures for use in adoptions on the state and local levels.

(3)~~[(4)]~~ The ***instructional materials depository***~~[chief state school officer, on or before May 1 prior to any adoption year,]~~ shall properly advertise the subjects for which ***instructional materials***~~[textbook]~~ adoptions will be made and notify the different publishers ***and developers*** of ***instructional materials***~~[the textbooks]~~. The publishers ***or developers***~~[, on or before July 15, of any adoption year,]~~ shall file with the ***depository***~~[chief state school officer textbook]~~ samples ***of instructional materials***, filing fees, ~~[textbook]~~bids and bonds, and other specified information relative to the ***instructional materials***~~[books]~~ that they desire to offer for adoption.

(4)~~[(5)]~~ The ***instructional materials depository***~~[chief state school officer]~~ shall:

(a) Review the bid information submitted by the publishers ***and developers***;

(b) Verify that the bid complies with the specifications; and

(c) Prepare a list of ***instructional materials***~~[textbooks]~~ and programs, for consideration by the ***task force,***~~[State Textbook Commission]~~ indicating those in compliance with the standards and specifications and those not in compliance, detailing areas of noncompliance.

➔Section 17. KRS 156.415 is amended to read as follows:

Before ***instructional materials***~~[textbooks]~~ and programs offered for adoption and use in public schools of Kentucky may be ***placed on the state-approved list***~~[lawfully recommended and listed by the State Textbook Commission or purchased by any board of education]~~, the person, firm, or corporation offering the materials for adoption and use shall file with the ***instructional materials depository***~~[chief state school officer]~~:

(1) Copies of all ***instructional materials***~~[textbooks]~~ and programs that the person, firm, or corporation desires to offer for adoption and use, with a sworn statement of the list price and the lowest wholesale price at which each of the titles is sold in any adopting unit;

(2) A statement that all the titles offered for sale, adoption, and use, do comply with the standards and specifications for ***instructional materials***~~[textbooks]~~ designated by the chief state school officer as regards paper, binding, printing, illustrations, subject matter, and other items included in the standards and specifications;

(3) Copies of any revision or special editions of the ***instructional materials***~~[textbooks]~~ and programs filed, with a statement describing in detail each point of difference from the regular edition filed, and the list price and the lowest wholesale price at which the revision or special edition is sold anywhere in the United States; ***and***

(4) ~~[A fee of five dollars ($5) for each book filed except when a series of books is filed, in which case the fee shall be five dollars ($5) for the first book and one dollar ($1) for each additional book in the series. The fee provided by this subsection shall be paid at each and every adoption period;~~

~~(5) A bond running to the Commonwealth of Kentucky, executed by a surety company authorized to do business in this state, in a sum not less than two thousand dollars ($2,000) nor more than ten thousand dollars ($10,000), to be determined by the chief state school officer; and~~

~~(6)]~~An affidavit certifying any ***instructional materials that***~~[textbook]~~ the publisher or ***developer***~~[manufacturer]~~ offers in the state ***is***~~[to be]~~ free of factual error at the time the publisher or ***developer is placed on the state-approved list***~~[manufacturer executes a contract]~~.

➔Section 18. KRS 156.433 is amended to read as follows:

(1) The Kentucky Board of Education, upon recommendation of the chief state school officer, shall promulgate an administrative regulation identifying instructional materials eligible for purchase with state ***instructional materials***~~[textbook]~~ funds. The regulation shall identify instructional materials which are subject to review before being recommended for use, establish a procedure for the review, and a process for adding an instructional material to the ***state-approved***~~[recommended]~~ list.~~[The Department of Education may pay instructional materials reviewers an amount not to exceed one thousand dollars ($1,000) annually per reviewer for their services using funds from the appropriation for state textbooks.]~~

(2) The department ~~[of Education]~~shall ***report***~~[establish]~~ ***the***~~[a]~~ ***state-approved*** list of ~~[recommended]~~instructional materials for the use of school personnel ***as selected by the task force***.

(3) The chief state school officer, subject to the approval of the Kentucky Board of Education, may purchase instructional materials from the publishers or developers whose instructional materials have been adopted by a school district for grades kindergarten through twelve (12) and distribute them without cost to the pupils attending the public schools in the school district.

(4) Allocations and purchases using state instructional materials funds shall be conducted in accordance with KRS 156.395 to 156.476.

➔Section 19. KRS 156.435 is amended to read as follows:

(1) The State ***Quality Curriculum Task Force***~~[Textbook Commission]~~ shall~~[, not later than September 20 of any year in which an adoption is to be made,]~~ select, recommend, and publish ***the***~~[a]~~ ***state-approved*** list of ***instructional materials***~~[books]~~ or programs ***for reading and writing, mathematics, science, and social studies*** in each ~~[subject and]~~grade ***or grade band***, taking into account the needs of the various types of students.

(2) The ***task force***~~[State Textbook Commission]~~ shall have the authority to reject any book which:

(a) Contains subversive material or information that is offered for listing or adoption. If the ***task force***~~[commission]~~ finds on the ***state-approved***~~[multiple]~~ list any book which contains subversive material or information~~[, provided the publisher of the book has been given written notice by the secretary of the commission not less than thirty (30) days prior to the meeting]~~, the ***task force***~~[textbook commission]~~ shall have authority to remove the book from the state***-approved***~~[multiple]~~ list;

(b) Is in noncompliance with ***academic*** standards ***established in KRS 158.6453***~~[and specifications set forth in KRS 156.410]~~; or

(c) Is not of high quality in terms of the content provided, the audience addressed, the format used, the readability ***and accessibility*** of material or the ancillary materials provided the teacher and students.

(3) The ***task force***~~[State Textbook Commission]~~ shall have the authority to solicit additions for the state***-approved*** list ***to be included in the instructional materials depository established in Section 11 of this Act***~~[when the list does not contain books or materials for subjects added to the state courses of study]~~.

(4) ~~[The chief state school officer shall make and execute contracts for the recommended textbooks and programs with the publishers on or before May 1 following the establishment of the state multiple list of recommended titles selected by the commission. Except as described in KRS 156.400, all contracts shall run for six (6) years.~~

~~(5)]~~The chief state school officer shall prepare ***the***~~[a]~~ ***state-approved***~~[multiple]~~ list of ***instructional materials***~~[recommended textbooks]~~ or programs ***for reading and writing, mathematics, science, and social studies*** and publish the list along with a consumer guide and distribute the ***selection criteria and evaluation forms***~~[documents]~~ to the superintendents of each ~~[county and independent]~~school district in Kentucky on or before November 15 of each adoption year.

➔Section 20. KRS 156.439 is amended to read as follows:

(1) The Kentucky Board of Education shall promulgate ~~[by]~~administrative regulations ***in accordance with KRS Chapter 13A to establish*** the method for calculating and distributing a district's~~[textbook and instructional materials]~~ allocation ***of state instructional materials funds***. The district's allocation shall be used by schools to purchase:

(a) ***Instructional materials***~~[Textbooks]~~ and programs from the state***-approved***~~[recommended]~~ list;

(b) ***Instructional materials***~~[Textbooks]~~ and programs not on the ***state-approved***~~[state's recommended]~~ list~~[,]~~ if notification is submitted to the department ~~[of Education]~~that the material meets the selection criteria of the ***task force***~~[State Textbook Commission]~~ in KRS 156.405(3)***(a) or*** (b), the subject specific

criteria of the ***instructional materials***~~[textbook]~~ reviewers pursuant to KRS 156.407***(4)***~~[(5)]~~, and compliance with the required ~~[publisher]~~specifications;

(c) Instructional materials ***and programs***, with an approved plan pursuant to subsection (2) of this section;~~[or]~~

(d) ***Instructional materials and programs for a subject not included in the state-approved list if the district demonstrates that the district already maintains high quality instructional materials in the subjects included on the state-approved list and has a need in a subject not included on the state-approved list; or***

(e) Any combination of the above.

(2) The district shall ***use the instructional materials depository established in Section 11 of this Act to*** identify all purchases ***it makes***~~[made]~~ with ***an***~~[the textbook and]~~instructional materials allocation and shall keep on file a plan developed by each school, in accordance with administrative regulations promulgated by the Kentucky Board of Education, for providing the necessary ~~[textbooks and]~~instructional materials for all grades ***for reading and writing, mathematics, science, and social studies***~~[, and subject areas, including the replacement of books and materials during the six (6) year adoption period]~~. A school may carry forward to the next school year any part of its ~~[textbook and]~~instructional materials allocation which has been distributed to the district.~~[If a local board does not approve a school council's plan, the council may appeal to the commissioner and an administrative hearing shall be conducted in accordance with KRS Chapter 13B.]~~

➔Section 21. KRS 156.440 is amended to read as follows:

Publishers ***or developers***, upon the request of the ***instructional materials depository established in Section 11 of this Act or*** superintendents of ~~[the county and independent]~~school districts, shall furnish ~~[to the local boards of education]~~the requested sample copies of their materials that were selected and placed on the state***-approved***~~[multiple]~~ list of recommended ***instructional materials***~~[textbooks]~~ by the State ***Quality Curriculum Task Force***~~[Textbook Commission]~~.

➔Section 22. KRS 156.445 is amended to read as follows:

(1) ***Instructional materials***~~[No textbook]~~ or ***programs for reading and writing, mathematics, science, and social studies***~~[program]~~ shall ***not*** be used in any public school in Kentucky as a ***core comprehensive resource***~~[basal title]~~ unless ***they have***~~[it has]~~ been recommended and listed on the state***-approved***~~[multiple]~~ list by the State ***Quality Curriculum Task Force,***~~[Textbook Commission]~~ or unless a school and district has met the notification requirements under subsection (2) of this section. Any changes of ***instructional materials***~~[textbooks]~~ made by the ***task force***~~[State Textbook Commission]~~ shall not become effective until grades and classes of ~~[the respective county and independent]~~school districts have completed work for which the adopted ***materials***~~[book]~~ then in use was originally intended. ~~[Nothing in]~~This section shall ***not*** apply to the supplementary ***materials***~~[books]~~ that are needed from time to time.

(2) ***The superintendent of a school district shall submit a notification to the department if the school district***~~[A school council, or if none exists, the principal, may notify, through the superintendent, the State Textbook Commission that it]~~ plans to adopt ***instructional materials***~~[a basal textbook]~~ or ***a*** program ***as a core comprehensive resource for reading and writing, mathematics, science, or social studies*** that is not on the ***state-approved***~~[recommended]~~ list by submitting evidence that the ***instructional materials or program***~~[title]~~ it has chosen meets the selection criteria of the ***task force***~~[State Textbook Commission]~~ in KRS 156.405(3)***(a) or*** (b) and the subject specific criteria of the textbook reviewers pursuant to KRS 156.407***(4)***~~[(5)]~~ and complies with the required ~~[publisher]~~specifications.

(3) In approving text materials for private and parochial schools for the purpose of KRS 156.160***(2)***~~[(3)]~~ the text materials shall be approved if they are comprehensive and appropriate to the grade level in question notwithstanding the fact that they may contain elements of religious philosophy.

➔Section 23. KRS 156.460 is amended to read as follows:

A~~[No]~~ superintendent, teacher, or other official or employee of any institution supported wholly or in part by public funds shall ***not*** act, directly or indirectly, as agent for any person whose ***instructional materials***~~[school textbooks]~~ are ***identified on the state-approved list***~~[filed with the chief state school officer]~~.

➔Section 24. KRS 156.465 is amended to read as follows:

No person shall secure or attempt to secure the adoption of any ***instructional materials***~~[school textbook]~~ in any school district in this state, by rewarding or promising to reward, directly or indirectly, any person in any public

school district in the state. No person shall offer or give any emolument to any person in any school district in this state for any vote or promise to vote, or the use of his influence, for any ***instructional materials***~~[school textbook]~~ to be used in this state.

➔Section 25. KRS 156.476 is amended to read as follows:

(1) The Kentucky Board of Education, upon the recommendation of the chief state school officer, shall select suitable ***instructional materials***~~[textbooks]~~ and programs in an appropriate format, which include braille textbooks, and other materials available in clear type of eighteen (18) to twenty-four (24) points in the different subject areas for children with impaired vision who are attending the public schools of the Commonwealth of Kentucky in grades kindergarten through twelve (12). These ***instructional***~~[books and]~~ materials shall not be subject to the official bids, filing fees, sampling, and the stipulated list prices, lowest wholesale prices, and the standards and specifications required for the ***instructional***~~[books and]~~ materials approved and listed by the State ***Quality Curriculum Task Force under KRS 156.395 to 156.476***~~[Textbook Commission]~~ for regular use by the pupils attending the public schools of the State of Kentucky. The Kentucky Board of Education, upon the recommendation of the chief state school officer, may promulgate an administrative regulation determining the pupils eligible for the ***instructional***~~[books and]~~ materials, the number ~~[of books]~~and types of ***instructional*** materials to be purchased, and the general administration of the program. The chief state school officer, subject to the approval of the Kentucky Board of Education, may purchase these books and materials and distribute them without cost to the pupils with impaired vision attending the public schools of the state. All ***instructional materials***~~[books]~~ and programs purchased under this section for the pupils with impaired vision are the property of the state.

(2) The Department of Education shall require any publisher ***or developer*** of ***an instructional material***~~[a textbook]~~ or program adopted for use in the public schools of the Commonwealth to furnish the American Printing House for the Blind with ***an electronic version***~~[computer diskettes or tapes]~~ of those ***instructional***~~[print]~~ materials either in the American Standard Code for Information Interchange, (ASCII), or in any other format~~[, either electronic or print,]~~ which can be readily translated into braille or large print.

➔Section 26. KRS 156.990 is amended to read as follows:

(1) Any witness who fails, without legal excuse, to attend or to testify, when required by the chief state school officer under these provisions, shall be fined not more than twenty-five dollars ($25) for each offense.

(2) Any person who violates any of the provisions of KRS ***156.395 to 156.476***~~[156.400 to 156.470]~~ shall be fined not more than five hundred dollars ($500) or imprisoned not more than three (3) months, or both.

(3) A violation of subsection (1) of KRS 156.483 shall cause the Department of Education to be fined not less than five hundred dollars ($500) or more than one thousand dollars ($1,000).

(4) Any person who operates a non-school bus passenger vehicle to transport a student or students within the Commonwealth without holding a current valid license as required pursuant to KRS 156.153(3)(c) shall be guilty of a Class D felony.

➔Section 27. KRS 171.215 is amended to read as follows:

(1) The Department for Libraries and Archives shall purchase textbooks from publishers whose books have been adopted by the State ***Quality Curriculum Task Force under KRS 156.395 to 156.476***~~[textbook commission]~~ for distribution without cost to pupils attending grade one (1) through grade twelve (12) of the state's nonpublic schools which have been accredited by the State Department of Education.

(2) The chief school administrator of each eligible school may file a requisition with the state librarian for the books needed for the next ensuing school term. Textbooks eligible for distribution by grade level or subject shall conform to the schedule in use by the Kentucky Board of Education for distribution to the public schools.

(3) The state librarian shall develop rules and regulations governing the purchase, requisition, distribution, assignment to students, care, use and return of textbooks, and a plan for permanently labeling the textbooks as the property of the Department for Libraries and Archives. The rules and regulations shall provide for the allocation of textbooks in a manner reflecting, and not to exceed the expressly limited appropriation to fund the allocation. The rules and regulations shall be developed in consultation with the Department of Education and shall conform, within statutory limits, to the rules and regulations already established by the Kentucky Board of Education.

(4) All textbooks purchased under the provisions of this section are the property of the state. Each school administrator obtaining books through the Department for Libraries and Archives is custodian of the books in

his school. He shall issue the books to the students according to the rules and regulations formulated by the state librarian.

(5) Funds appropriated by the General Assembly to the Department for Libraries and Archives for this purpose shall not be expended for any textbooks which present a particular religious philosophy and shall not be considered as or commingled with common school funds and shall be allocated each year to the nonpublic school students as provided by rule and regulation of the Department for Libraries and Archives to the extent allowed by the appropriation provided in Acts 1978, ch. 139, sec. 2.

➔Section 28. KRS 158.6453 is amended to read as follows:

(1) As used in this section:

(a) "Accelerated learning" means an organized way of helping students meet individual academic goals by providing direct instruction to eliminate student performance deficiencies or enable students to move more quickly through course requirements and pursue higher level skill development;

(b) "Constructed-response items" or "performance-based items" means individual test items that require the student to create an answer rather than select a response and may include fill-in-the-blank, short-answer, extended-answer, open-response, and writing-on-demand formats;

(c) "Criterion-referenced test" means a test that is aligned with defined academic content standards and measures an individual student's level of performance against the standards;

(d) ~~["End-of-course examination" means the same as defined in KRS 158.860;~~

~~(e)]~~"Formative assessment" means a process used by teachers and students during instruction to adjust ongoing teaching and learning to improve students' achievement of intended instructional outcomes. Formative assessments may include the use of commercial assessments, classroom observations, teacher-designed classroom tests and assessments, and other processes and assignments to gain information about individual student learning;

(e)~~[(f)]~~ "Interim assessments" means assessments that are given periodically throughout the year to provide diagnostic information and to show individual student performance against content standards;

(f)~~[(g)]~~ "Summative assessment" means an assessment given at the end of the school year, semester, or other period of time to evaluate students' performance against content standards within a unit of instruction or a course; and

(g)~~[(h)]~~ "Writing" means a purposeful act of thinking and expression that uses language to explore ideas and communicate meaning to others. Writing is a complex, multifaceted act of communication and is distinct from basic handwriting or penmanship.

(2) (a) ~~[Beginning in fiscal year 2017-2018, and]~~Every six (6) years~~[thereafter]~~, the Kentucky Department of Education shall implement a process for reviewing Kentucky's academic standards and the alignment of corresponding assessments for possible revision or replacement to ensure alignment with transition readiness standards necessary for global competitiveness, state career and technical education standards, and KRS 158.196.

(b) The revisions to the content standards shall:

1. Focus on critical knowledge, skills, and capacities needed for success in the global economy;

2. Result in fewer but more in-depth standards to facilitate mastery learning;

3. Communicate expectations more clearly and concisely to teachers, parents, students, and citizens;

4. Be based on evidence-based research;

5. Consider international benchmarks; and

6. Ensure that the standards are aligned from elementary to high school to postsecondary education so that students can be successful at each education level.

(c) 1. The department shall establish four (4) standards and assessments review committees, with each committee composed of a minimum of six (6) Kentucky public school teachers and a minimum of two (2) representatives from Kentucky institutions of higher education, including at least one (1) representative from a public institution of higher education. Each committee member shall

teach in the subject area that his or her committee is assigned to review and have no prior or current affiliation with a curriculum or assessment resources vendor.

2. One (1) of the four (4) committees shall be assigned to focus on the review of language arts and writing academic standards and assessments, one (1) on the review of mathematics academic standards and assessments, one (1) on the review of science academic standards and assessments, and one (1) on the review of social studies academic standards and assessments.

(d) 1. The department shall establish twelve (12) advisory panels to advise and assist each of the four (4) standards and assessments review committees.

2. Three (3) advisory panels shall be assigned to each standards and assessments review committee. One (1) panel shall review the standards and assessments for kindergarten through grade five (5), one (1) shall review the standards and assessments for grades six (6) through eight (8), and one (1) shall review the standards and assessments for grades nine (9) through twelve (12).

3. Each advisory panel shall be composed of at least one (1) representative from a Kentucky institution of higher education and a minimum of six (6) Kentucky public school teachers who teach in the grade level and subject reviewed by the advisory panel to which they are assigned and have no prior or current affiliation with a curriculum or assessment resources vendor.

(e) The commissioner of education and the president of the Council on Postsecondary Education shall also provide consultants for the standards and assessments review committees and the advisory panels who are business and industry professionals actively engaged in career fields that depend on the various content areas.

(f) 1. The standards and assessments process review committee is hereby established and shall be composed of the commissioner of education or designee as a nonvoting member and nine (9) voting representatives of public schools, of whom at least two (2) shall be parents of public school students, appointed by the Governor and confirmed by the Senate in accordance with KRS 11.160 as follows:

a. One (1) language arts teacher;

b. One (1) math teacher;

c. One (1) science teacher;

d. One (1) social studies teacher;

e. Two (2) school principals;

f. Two (2) school superintendents; and

g. One (1) school board member.

2. On making appointments to the committee, the Governor shall ensure broad geographical urban and rural representation and representation of elementary, middle, and high school levels; ensure equal representation of the two (2) sexes, inasmuch as possible; and ensure that appointments reflect the minority racial composition of the Commonwealth.

3. The review of the committee shall be limited to the procedural aspects of the review process undertaken prior to its consideration.

4. Notwithstanding KRS 12.028, the committee shall not be subject to reorganization by the Governor.

(g) 1. The review process implemented under this subsection shall be an open, transparent process that allows all Kentuckians an opportunity to participate. The department shall ensure the public's assistance in reviewing and suggesting changes to the standards and alignment adjustments to corresponding state assessments by establishing a website dedicated to collecting comments by the public and educators. An independent third party, which has no prior or current affiliation with a curriculum or assessment resources vendor, shall be selected by the department to collect and transmit the comments to the department for dissemination to the appropriate advisory panel for review and consideration.

2. Each advisory panel shall review the standards and assessments for its assigned subject matter and grade level and the suggestions made by the public and educators. After completing its

review, each advisory panel shall make recommendations for changes to the standards and alignment adjustments for assessments to the appropriate standards and assessments review committee.

3. Each standards and assessments review committee shall review the findings and make recommendations to revise or replace existing standards and to adjust alignment of assessments.

4. The recommendations shall be published on the website established in this subsection for the purpose of gathering additional feedback from the public. The commissioner shall subsequently present the recommendations and the public feedback to the Interim Joint Committee on Education.

5. The commissioner shall subsequently provide a report to the standards and assessments process review committee summarizing the process conducted under this subsection and the resulting recommendations. The report shall include but not be limited to the timeline of the review process, public feedback, and responses from the Interim Joint Committee on Education.

6. After receiving the commissioner's report, the standards and assessments process review committee shall either concur that stakeholders have had adequate opportunity to provide input on standards and the corresponding alignment of state assessments or find the input process deficient. If the process is found deficient, the recommendations may be returned to the appropriate standards and assessments review committee for review as described in subparagraph 3. of this paragraph. If the process is found sufficient, the recommendations shall be forwarded without amendment to the Kentucky Board of Education.

(h) The Kentucky Board of Education shall promulgate administrative regulations in accordance with KRS Chapter 13A as may be needed for the administration of the review process, including staggering the timing and sequence of the review process by subject area and remuneration of the review committees and advisory panels described in paragraphs (c) and (d) of this subsection.

(i) 1. The Kentucky Board of Education shall consider for approval the revisions to academic standards for a content area and the alignment of the corresponding state assessment once recommendations are received from the standards and assessments process review committee. Existing state academic standards shall remain in place until the board approves new standards.

2. Any revision to, or replacement of, the academic standards and assessments as a result of the review process conducted under this subsection shall be implemented in Kentucky public schools no later than the second academic year following the review process. Existing academic standards shall be used until new standards are implemented.

3. The Department of Education shall disseminate the academic content standards to the schools and teacher preparation programs.

(j) The Department of Education shall provide or facilitate statewide training sessions for existing teachers and administrators on how to:

1. Integrate the revised content standards into classroom instruction;

2. Better integrate performance assessment of students within their instructional practices; and

3. Help all students use higher-order thinking and communication skills.

(k) The Education Professional Standards Board in cooperation with the Kentucky Board of Education and the Council on Postsecondary Education shall coordinate information and training sessions for faculty and staff in all of the teacher preparation programs in the use of the revised academic content standards. The Education Professional Standards Board shall ensure that each teacher preparation program includes use of the academic standards in the pre-service education programs and that all teacher interns will have experience planning classroom instruction based on the revised standards.

(l) The Council on Postsecondary Education in cooperation with the Kentucky Department of Education and the postsecondary education institutions in the state shall coordinate information sessions regarding the academic content standards for faculty who teach in the various content areas.

(m) The Education Professional Standards Board shall, as a condition of program approval, require teacher preparation programs to align curriculum with the expectations set forth in the state's academic content standards.

(3) (a) The Kentucky Board of Education shall be responsible for creating and implementing a balanced statewide assessment program that measures the students', schools', and districts' achievement of the goals set forth in KRS 158.645 and 158.6451, to ensure compliance with the federal Every Student Succeeds Act of 2015, Pub. L. No. 114-95, or its successor, and to ensure school accountability.

(b) The board shall revise the annual statewide assessment program as needed in accordance with revised academic standards and corresponding assessment alignment adjustments approved by the board under subsection (2) of this section.

(c) The statewide assessments shall not include any academic standards not approved by the board under subsection (2) of this section.

(d) The board shall seek the advice of the Office of Education Accountability; the School Curriculum, Assessment, and Accountability Council; the Education Assessment and Accountability Review Subcommittee, and the department's technical advisory committee in the development of the assessment program. The statewide assessment program shall not include measurement of a student's ability to become a self-sufficient individual or to become a responsible member of a family, work group, or community.

(4) (a) The academic components of the statewide assessment program shall be composed of annual student summative tests, which may include a combination of multiple competency-based assessment and performance measures approved by the Kentucky Board of Education.

(b) The annual student summative tests shall:

1. Measure individual student achievement in language, reading, English, mathematics, science, and social studies at designated grades;

2. Provide teachers and parents a valid and reliable comprehensive analysis of skills mastered by individual students;

3. Provide diagnostic information that identifies strengths and academic deficiencies of individual students in the content areas;

4. Provide information to teachers that can enable them to improve instruction for current and future students;

5. Provide longitudinal profiles for students; and

6. Ensure school and district accountability for student achievement of the goals set forth in KRS 158.645 and 158.6451, except the statewide assessment program shall not include measurement of a student's ability to become a self-sufficient individual or to become a responsible member of a family, work group, or community.

(5) The state student assessments shall include the following components:

(a) Elementary and middle grades requirements are:

1. A criterion-referenced test each in mathematics and reading in grades three (3) through eight (8) that is valid and reliable for an individual student and that measures the depth and breadth of Kentucky's academic content standards;

2. A criterion-referenced test each in science and social studies that is valid and reliable for an individual student as necessary to measure the depth and breadth of Kentucky's academic content standards to be administered one (1) time within the elementary and middle grades, respectively;

3. An on-demand assessment of student writing to be administered one (1) time within the elementary grades and one (1) time within the middle grades; and

4. An editing and mechanics test relating to writing, using multiple choice and constructed response items, to be administered one (1) time within the elementary and the middle grades, respectively;

(b) High school requirements are:

1. A criterion-referenced test in mathematics, reading, and science that is valid and reliable for an individual student and that measures the depth and breadth of Kentucky's academic content standards to be administered one (1) time within the high school grades;

2. A criterion-referenced test in social studies that is valid and reliable for an individual student as necessary to measure the depth and breadth of Kentucky's academic content standards to be administered one (1) time within the high school grades;

3. An on-demand assessment of student writing to be administered one (1) time within the high school grades;

4. An editing and mechanics test relating to writing, using multiple choice and constructed response items, to be administered one (1) time within the high school grades; and

5. A college admissions examination to assess English, reading, mathematics, and science in the spring of grade eleven (11);

(c) The Kentucky Board of Education shall add any other component necessary to comply with the Every Student Succeeds Act of 2015, Pub. L. No. 114-95, or its successor, as determined by the United States Department of Education;

(d) The criterion-referenced components required in this subsection shall be composed of constructed response items and multiple choice items; ***and***

(e) ~~[The Kentucky Board of Education may incorporate end-of-course examinations into the assessment program to be used in lieu of requirements for criterion-referenced tests required under paragraph (b) of this subsection; and~~

~~(f)~~]The results of the assessment program developed under this subsection shall be used by schools and districts to determine appropriate instructional modifications for all students in order for students to make continuous progress, including that needed by advanced learners.

(6) Each school district shall administer the statewide student assessment during the last fourteen (14) days of school in the district's instructional calendar. The Kentucky Board of Education may change the testing window to allow for innovative assessment systems or other online test administration and shall promulgate administrative regulations that minimize the number of days of testing and outline the procedures to be used during the testing process to ensure test security, including procedures for testing makeup days, and to comply with federal assessment requirements.

(7) A student enrolled in a district-operated or district-contracted alternative program shall participate in the appropriate assessments required by this section.

(8) A local school district may select and use commercial interim or formative assessments or develop and use its own formative assessments to provide data on how well its students are growing toward mastery of Kentucky academic standards, so long as the district's local school board develops a policy minimizing the reduction in instructional time related to the administration of the interim assessments. Nothing in this section precludes teachers from using ongoing teacher-developed formative processes.

(9) Each school that enrolls primary students shall use diagnostic assessments and prompts that measure readiness in reading and mathematics for its primary students as determined by the school to be developmentally appropriate. The schools may use commercial products, use products and procedures developed by the district, or develop their own diagnostic procedures. The results shall be used to inform the teachers and parents or guardians of each student's skill level.

(10) The state board shall ensure that a technically sound longitudinal comparison of the assessment results for the same students shall be made available.

(11) The following provisions shall apply to the college admissions examination described in subsection (5)(b)5. of this section:

(a) The cost of the college admissions examination administered to students in high school shall be paid for by the Kentucky Department of Education. The costs of additional college admissions examinations shall be the responsibility of the student;

(b) If funds are available, the Kentucky Department of Education shall provide a college admissions examination preparation program to all public high school juniors. The department may contract for necessary services; and

(c) Accommodations provided to a student with a disability taking the college admissions assessment under this subsection shall consist of:

1. Accommodations provided in a manner allowed by the college admissions assessment provider when results in test scores are reportable to a postsecondary institution for admissions and placement purposes, except as provided in subparagraph 2. of this paragraph; or

2. Accommodations provided in a manner allowed by a student's individualized education program as defined in KRS 158.281 for a student whose disability precludes valid assessment of his or her academic abilities using the accommodations provided under subparagraph 1. of this paragraph when the student's scores are not reportable to a postsecondary institution for admissions and placement purposes.

(12) Kentucky teachers shall have a significant role in providing feedback about the design of the assessments, except for the college admissions exam described in subsection (5)(b)5. of this section. The assessments shall be designed to:

(a) Measure grade appropriate core academic content, basic skills, and higher-order thinking skills and their application;

(b) Provide valid and reliable scores for schools. If scores are reported for students individually, they shall be valid and reliable;

(c) Minimize the time spent by teachers and students on assessment; and

(d) Assess Kentucky academic standards only.

(13) The results from assessment under subsections (3) and (5) of this section shall be reported to the school districts and schools no later than seventy-five (75) days following the last day the assessment can be administered. Assessment reports provided to the school districts and schools shall include an electronic copy of an operational subset of test items from each assessment administered to their students and the results for each of those test items by student and by school.

(14) The Department of Education shall gather information to establish the validity of the assessment and accountability program. It shall develop a biennial plan for validation studies that shall include but not be limited to the consistency of student results across multiple measures, the congruence of school scores with documented improvements in instructional practice and the school learning environment, and the potential for all scores to yield fair, consistent, and accurate student performance level and school accountability decisions. Validation activities shall take place in a timely manner and shall include a review of the accuracy of scores assigned to students and schools, as well as of the testing materials. The plan shall be submitted to the Commission by July 1 of the first year of each biennium. A summary of the findings shall be submitted to the Legislative Research Commission by September 1 of the second year of the biennium.

(15) The Department of Education and the state board shall offer optional assistance to local school districts and schools in developing and using continuous assessment strategies needed to ensure student progress. The continuous assessment shall provide diagnostic information to improve instruction to meet the needs of individual students.

(16) The Administration Code for Kentucky's Assessment Program shall include prohibitions of inappropriate test preparation activities by school district employees charged with test administration and oversight, including but not limited to the issue of teachers being required to do test practice in lieu of regular classroom instruction and test practice outside the normal work day. The code shall include disciplinary sanctions that may be taken toward a school or individuals.

(17) The Kentucky Board of Education, after the Department of Education has received advice from the Office of Education Accountability; the School Curriculum, Assessment, and Accountability Council; and the department's technical advisory committee, shall promulgate an administrative regulation under KRS Chapter 13A to establish the components of a reporting structure for assessments administered under this section. The reporting structure shall include the following components:

(a) A school report card that clearly communicates with parents and the public about school performance. The school report card shall be sent to the parents of the students of the districts, and information on electronic access to a summary of the results for the district shall be published in the newspaper with the largest circulation in the county. It shall include but not be limited to the following components reported by race, gender, and disability when appropriate:

1. Student academic achievement, including the results from each of the assessments administered under this section;

2. For Advanced Placement, Cambridge Advanced International, and International Baccalaureate, the courses offered, the number of students enrolled, completing, and taking the examination for each course, and the percentage of examinees receiving a score of three (3) or better on AP examinations, a score of "e" or better on Cambridge Advanced International examinations, or a score of four (4) or better on IB examinations. The data shall be disaggregated by gender, race, students with disabilities, and economic status;

3. Nonacademic achievement, including the school's attendance, retention, graduation rates, and student transition to postsecondary;

4. School learning environment, including measures of parental involvement; and

5. Any other school performance data required by the Every Student Succeeds Act of 2015, Pub. L. No. 114-95, or its successor;

(b) An individual student report to parents for each student in grades three (3) through eight (8) summarizing the student's skills in reading, science, social studies, and mathematics. The school's staff shall develop a plan for accelerated learning for any student with identified deficiencies or strengths; and

(c) A student's score on the college admissions assessment administered under subsection (5)(b)5. of this section.

(18) (a) ~~[Beginning in fiscal year 2017-2018, and]~~Every six (6) years~~[thereafter]~~, the Kentucky Department of Education shall implement a comprehensive process for reviewing and revising the academic standards in visual and performing arts and practical living skills and career studies for all levels and in foreign language for middle and high schools. The department shall develop review committees for the standards for each of the content areas that include representation from certified specialist public school teachers and postsecondary teachers in those subject areas.

(b) The academic standards in practical living skills for elementary, middle, and high school levels shall include a focus on drug abuse prevention, with an emphasis on the prescription drug epidemic and the connection between prescription opioid abuse and addiction to other drugs, such as heroin and synthetic drugs.

(c) The department shall provide to all schools guidelines for programs that incorporate the adopted academic standards in visual and performing arts and practical living and career studies. The department shall provide to middle and high schools guidelines for including a foreign language program. The guidelines shall address program length and time, courses offered, staffing, resources, and facilities.

(d) The Kentucky Department of Education, in consultation with certified public school teachers of visual and performing arts, may develop program standards for the visual and performing arts.

(19) The Kentucky Department of Education shall provide to all school districts guidelines for including an effective writing program within the curriculum.

(20) (a) The Kentucky Department of Education, in consultation with the review committees described in subsection (18) of this section, shall develop a school profile report to be used by all schools to document how they will address the adopted academic standards in their implementation of the programs as described in subsection (18) of this section, which may include student opportunities and experiences in extracurricular activities. The department shall include the essential workplace ethics program on the school profile report.

(b) By October 1 of each year, each school principal shall complete the school profile report, which shall be signed by the members of the school council, or the principal if no school council exists, and the superintendent. The report shall be electronically transmitted to the Kentucky Department of Education, and the original shall be maintained on file at the local board office and made available to the public upon request. The department shall include a link to each school's profile report on its website.

(c) If a school staff member, student, or a student's parent has concerns regarding deficiencies in a school's implementation of the programs described in subsection (18) of this section, he or she may submit a written inquiry to the school council.

➔Section 29. The following KRS sections are repealed:

156.420 Bond conditions for person, firm, or corporation offering textbooks.

156.425 Form of statement and bond -- Supplemental statement and bond.

156.430 Violation of bond -- Suit on bond.

156.437 Administrative regulations for listing, adoption, and purchase of subject programs.

156.438 Administrative regulations for reviewing and resolving claims of factual errors in adopted textbooks.

156.470 Copy of recommended titles to remain in specified office for period of adoption.

156.474 Multiple textbook adoptions.

156.475 Title.

➔Section 30. The following KRS sections are repealed:

156.108 Districts of innovation -- Definitions -- Approval by Kentucky Board of Education -- Administrative regulations to prescribe conditions and procedures to be used by local boards.

160.107 Application and implementation requirements for districts of innovation.

➔Section 31. Sections 1 to 10 of this Act may be cited as the School Innovation Act.

➔Section 32. Sections 11 to 29 of this Act take effect July 1, 2026.

Veto Overridden March 27, 2025.

CHAPTER 114

(SB 65)

AN ACT relating to deficient administrative regulations and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 13A IS CREATED TO READ AS FOLLOWS:

(1) The General Assembly finds that proposed ordinary amendments of the following administrative regulations were found deficient pursuant to KRS 13A.030, and then later withdrawn by the administrative body, on or after April 15, 2024, and before March 30, 2025, as evidenced by the records of the Legislative Research Commission:

(a) 907 KAR 1:044, Coverage Provisions and Requirements Regarding Community Mental Health Center Behavioral Health Services; and

(b) 907 KAR 15:005, Definitions for 907 KAR Chapter 15.

(2) Contrary provisions of any section of the Kentucky Revised Statutes notwithstanding, the proposed ordinary amendments referenced in subsection (1) of this section shall be null, void, and unenforceable as of the effective date of this Act.

(3) Contrary provisions of any section of the Kentucky Revised Statutes notwithstanding, the administrative body shall be prohibited from promulgating administrative regulations that are identical to, or substantially the same as, the proposed amendments referenced in subsection (1) of this section for a period beginning on January 7, 2025, and concluding on June 1, 2026.

(4) The proposed amendments referenced in subsection (1) of this section shall be available to the public, in the office of the Legislative Research Commission's regulations compiler.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 13A IS CREATED TO READ AS FOLLOWS:

(1) The General Assembly finds that proposed ordinary amendments of the following administrative regulations were found deficient pursuant to KRS 13A.030, on or after April 15, 2024, and before March 30, 2025, as evidenced by the records of the Legislative Research Commission:

(a) 405 KAR 10:001, Definitions for 405 KAR Chapter 10;

(b) 405 KAR 10:015, General Bonding Provisions; and

(c) 808 KAR 3:050, Conduct of Credit Unions.

(2) Contrary provisions of any section of the Kentucky Revised Statutes notwithstanding, the proposed ordinary amendments referenced in subsection (1) of this section shall be null, void, and unenforceable as of the effective date of this Act.

(3) Contrary provisions of any section of the Kentucky Revised Statutes notwithstanding, the administrative body shall be prohibited from promulgating administrative regulations that are identical to, or substantially the same as, the proposed amendments referenced in subsection (1) of this section for a period beginning on January 7, 2025, and concluding on June 1, 2026.

(4) The proposed amendments referenced in subsection (1) of this section shall be available to the public, in the office of the Legislative Research Commission's regulations compiler.

➔Section 3. Whereas it is crucial that the Commonwealth's regulatory policy reflect the statutory intent of the General Assembly, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Veto Overridden March 27, 2025.

CHAPTER 115

(SB 183)

AN ACT relating to the fiduciary duties owed to the state-administered retirement systems.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 21.450 is amended to read as follows:

(1) The benefits provided by KRS 21.350 to 21.510 to be paid shall be funded through contract with a reputable life insurance company authorized to do business in this state, or through investment and reinvestment of funds in securities which, at the time of making the investment, are by law permitted for the investment of funds by fiduciaries in this state, or through a combination of such methods. To the extent that funding is provided through insurance contract, no contributions, payments or premiums shall be subject to any tax on insurance premiums or annuity considerations. The investment committee for the judicial retirement fund shall be trustee of any and all funds contributed or appropriated to the retirement system, and shall have sole authority to make insurance contracts or investments.

(2) (a) For the purposes of this subsection:

1. "Solely in the interest of the members and beneficiaries" shall be determined using only pecuniary factors and shall not include any purpose to further a nonpecuniary interest;

2. "Pecuniary factor" means a consideration having a direct and material connection to the financial risk or financial return of an investment;

3. A "material connection" is established if there is a substantial likelihood that a reasonable investor would consider it important in determining the financial risk or the financial return of an investment;

4. "Nonpecuniary interest" includes but is not limited to an environmental, social, political, or ideological interest which does not have a direct and material connection to the financial risk or financial return of an investment;~~[and]~~

5. "Investment manager" shall have the same definition attributed to "investment adviser" under the federal Investment Advisers Act of 1940, 15 U.S.C. sec. 80b-2***;***

6. "Shareholder-sponsored proposal" means a proposal by a shareholder included in the proxy statement of an issuer of securities pursuant to 17 C.F.R. sec. 240.14a-8;

7. "Economic analysis" means a written analysis of the economic impact of a shareholder-sponsored proposal, which shall include, at a minimum:

a. The subject matter of the shareholder-sponsored proposal;

b. Whether the board of directors of the issuer of securities opposes the shareholder-sponsored proposal and the stated reasons for the opposition;

c. Whether the shareholder-sponsored proposal is consistent with the investment policy of the retirement system;

d. The economic benefits and costs of implementing the shareholder-sponsored proposal, as written, in the long and short term;

e. The quantifiable impact of the shareholder-sponsored proposal, as written, on the investment returns of the funds of the retirement system; and

f. An explanation of the modeling, procedures, and processes used to complete the economic analysis; and

8. a. "Proxy adviser" means any person who is engaged in the business of providing advice, research, analysis, ratings, or recommendations specifically with respect to proxy voting and who has entered into an agreement or contracted with the board of trustees of the retirement system to receive compensation for those purposes.

b. "Proxy adviser" does not include an investment manager as defined in this paragraph.

(b) The board members, any investment manager or other fiduciary, or proxy adviser shall discharge their duties with respect to the funds of the retirement system solely in the interest of the members and beneficiaries and:

1. For the exclusive purposes of providing benefits to members and their beneficiaries and defraying reasonable expenses of administering the plan;

2. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and

3. In accordance with the federal, state, and common laws, regulations and other instruments governing the funds and fiduciaries.

(c) Evidence that a fiduciary has considered or acted on a nonpecuniary interest shall include but is not limited to:

1. Statements, explanations, reports, or correspondence;

2. Communications with portfolio companies;

3. Statements of principles or policies, whether made individually or jointly;

4. Votes of shares or proxies; or

5. Coalitions, initiatives, agreements, or commitments to which the fiduciary is a participant, affiliate, or signatory.

(d) When exercising or recommending a vote on a shareholder-sponsored proposal, a proxy adviser that has entered into an agreement or contracted with the board of trustees of the retirement system acts solely in the interest of the members and beneficiaries under this subsection if:

1. The proxy adviser's vote or recommendation is consistent with the recommendation of the board of directors of the issuer of the shares, provided:

a. The board of directors of the issuer of the shares is composed of a majority of independent directors; and

b. The recommendation of the board of directors is not for the purpose of furthering a nonpecuniary interest; or

2. The proxy adviser's vote or recommendation is inconsistent with the recommendation of the board of directors of the issuer of the shares, provided the proxy adviser conducts and

documents an economic analysis demonstrating that the vote or recommendation is solely in the interest of the members and beneficiaries.

(3) Any accrual of benefits provided under this or any other applicable statute shall be no less than the benefit adjustment provided for in KRS 21.405(4) from the date of the last establishment of that benefit.

(4) The board shall establish ethics policies and procedures by promulgation of administrative regulations in accordance with the provisions of KRS Chapter 13A. The ethics policies shall include but not be limited to annual financial and conflict of interest disclosure requirements which must be completed by all board members and made available to the public upon request.

(5) In addition to the standards of conduct prescribed by subsection (2) of this section:

(a) Investment managers shall comply with all applicable provisions of the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and shall comply with all other applicable federal securities statutes and related rules and regulations that apply to investment managers; and

(b) Proxy advisers and proxy voting services shall comply with all applicable provisions of the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and shall comply with all other federal statutes and related rules and regulations that apply to proxy advisers and proxy voting services.

(6) No contract or agreement, whether made in writing or not, shall in any manner waive, restrict, or limit a fiduciary's liability as to any of the duties imposed by this section. Any agreement shall specify that it is made in the Commonwealth ***of Kentucky*** and governed by the laws of the Commonwealth ***of Kentucky***.

➔Section 2. KRS 61.650 is amended to read as follows:

(1) (a) The board shall be the trustee of funds created by KRS 16.510, 61.515, and 61.701 pertaining to the accounts for the Kentucky Employees Retirement System or State Police Retirement System, notwithstanding the provisions of any other statute to the contrary, and shall have exclusive power to invest and reinvest such assets in accordance with federal law.

(b) 1. The board shall establish an investment committee whose membership shall be composed of the following:

a. The three (3) trustees of the Kentucky Retirement Systems board appointed by the Governor pursuant to KRS 61.645 who have investment experience; and

b. Additional trustees appointed by the board chair.

2. The investment committee shall have authority to implement the investment policies adopted by the board and act on behalf of the board on all investment-related matters and to acquire, sell, safeguard, monitor, and manage the assets and securities of the several funds.

(c) 1. For the purposes of this paragraph:

a. "Solely in the interest of the members and beneficiaries" shall be determined using only pecuniary factors and shall not include any purpose to further a nonpecuniary interest;

b. "Pecuniary factor" means a consideration having a direct and material connection to the financial risk or financial return of an investment;

c. A "material connection" is established if there is a substantial likelihood that a reasonable investor would consider it important in determining the financial risk or the financial return of an investment;

d. "Nonpecuniary interest" includes but is not limited to an environmental, social, political, or ideological interest which does not have a direct and material connection to the financial risk or financial return of an investment;~~[and]~~

e. "Investment manager" shall have the same definition attributed to "investment adviser" under the federal Investment Advisers Act of 1940, 15 U.S.C. sec. 80b-2***;***

f. "Shareholder-sponsored proposal" means a proposal by a shareholder included in the proxy statement of an issuer of securities pursuant to 17 C.F.R. sec. 240.14a-8;

g. "Economic analysis" means a written analysis of the economic impact of a shareholder-sponsored proposal, which shall include, at a minimum:

i. The subject matter of the shareholder-sponsored proposal;

ii. Whether the board of directors of the issuer of securities opposes the shareholder-sponsored proposal and the stated reasons for the opposition;

iii. Whether the shareholder-sponsored proposal is consistent with the investment policy of the retirement systems;

iv. The economic benefits and costs of implementing the shareholder-sponsored proposal, as written, in the long and short term;

v. The quantifiable impact of the shareholder-sponsored proposal, as written, on the investment returns of the funds of the retirement systems; and

vi. An explanation of the modeling, procedures, and processes used to complete the economic analysis; and

h. i. "Proxy adviser" means any person who is engaged in the business of providing advice, research, analysis, ratings, or recommendations specifically with respect to proxy voting and who has entered into an agreement or contracted with the board of trustees of the retirement system to receive compensation for those purposes.

ii "Proxy adviser" does not include an investment manager as defined in this subparagraph.

2. A trustee, officer, employee, employee of the Kentucky Public Pensions Authority, investment manager, or other fiduciary, or proxy adviser shall discharge duties with respect to the retirement system:

   a. Solely in the interest of the members and beneficiaries;

   b. For the exclusive purpose of providing benefits to members and beneficiaries and paying reasonable expenses of administering the system;

   c. With the care, skill, and caution under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose;

   d. Impartially, taking into account any differing interests of members and beneficiaries;

   e. Incurring any costs that are appropriate and reasonable; and

   f. In accordance with a good-faith interpretation of the federal, state, and common law governing the system and fiduciaries.

3. Evidence that a fiduciary has considered or acted on a nonpecuniary interest shall include but is not limited to:

   a. Statements, explanations, reports, or correspondence;

   b. Communications with portfolio companies;

   c. Statements of principles or policies, whether made individually or jointly;

   d. Votes of shares or proxies; or

   e. Coalitions, initiatives, agreements, or commitments to which the fiduciary is a participant, affiliate, or signatory.

4. When exercising or recommending a vote on a shareholder-sponsored proposal, a proxy adviser that has entered into an agreement or contracted with the board of trustees of the retirement system acts solely in the interest of the members and beneficiaries under this subsection if:

a. The proxy adviser's vote or recommendation is consistent with the recommendation of the board of directors of the issuer of the shares, provided:

i. The board of directors of the issuer of the shares is composed of a majority of independent directors; and

ii. The recommendation of the board of directors is not for the purpose of furthering a nonpecuniary interest; or

b. The proxy adviser's vote or recommendation is inconsistent with the recommendation of the board of directors of the issuer of the shares, provided the proxy adviser conducts and documents an economic analysis demonstrating that the vote or recommendation is solely in the interest of the members and beneficiaries.

(d) In addition to the standards of conduct prescribed by paragraph (c) of this subsection:

1. All internal investment staff of the Kentucky Public Pensions Authority, and investment consultants shall adhere to the Code of Ethics and Standards of Professional Conduct, and all board trustees shall adhere to the Code of Conduct for Members of a Pension Scheme Governing Body. All codes cited in this subparagraph are promulgated by the CFA Institute;

2. Investment managers shall comply with all applicable provisions of the federal Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and shall comply with all other applicable federal securities statutes and related rules and regulations that apply to investment managers; and

3. Proxy advisers and proxy voting services shall comply with all applicable provisions of the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and shall comply with all other federal statutes and related rules and regulations that apply to proxy advisers and proxy voting services.

(e) No contract or agreement, whether made in writing or not, shall in any manner waive, restrict, or limit a fiduciary's liability as to any of the duties imposed by this section. Any agreement shall specify that it is made in the Commonwealth ***of Kentucky*** and governed by the laws of the Commonwealth ***of Kentucky***.

(2) The board, through adopted written policies, shall maintain ownership and control over its assets held in its unitized managed custodial account.

(3) The board, in keeping with its responsibility as trustee and wherever consistent with its fiduciary responsibilities, shall give priority to the investment of funds in obligation calculated to improve the industrial development and enhance the economic welfare of the Commonwealth.

(4) The contents of real estate appraisals, engineering or feasibility estimates, and evaluations made by or for the system relative to the acquisition or disposition of property, until such time as all of the property has been acquired or sold, shall be excluded from the application of KRS 61.870 to 61.884 and shall be subject to inspection only upon order of a court of competent jurisdiction.

(5) Based upon market value at the time of purchase, the board shall limit the amount of assets managed by any one (1) active or passive investment manager to fifteen percent (15%) of the assets in the pension and insurance funds.

(6) All contracts for the investment or management of assets of the systems shall not be subject to KRS Chapters 45, 45A, 56, and 57. Instead, the board shall conduct the following process to develop and adopt an investment procurement policy with which all prospective contracts for the investment or management of assets of the systems shall comply:

(a) On or before July 1, 2017, the board shall consult with the secretary of the Finance and Administration Cabinet or his or her designee to develop an investment procurement policy, which shall be written to meet best practices in investment management procurement;

(b) Thirty (30) days prior to adoption, the board shall tender the preliminary investment procurement policy to the secretary of the Finance and Administration Cabinet or his or her designee for review and comment;

(c) Upon receipt of comments from the secretary of the Finance and Administration Cabinet or his or her designee, the board shall choose to adopt or not adopt any recommended changes;

(d) Upon adoption, the board shall tender the final investment procurement policy to the secretary of the Finance and Administration Cabinet or his or her designee;

(e) No later than thirty (30) days after receipt of the investment procurement policy, the secretary or his or her designee shall certify whether the board's investment procurement policy meets or does not meet best practices for investment management procurement; and

(f) Any amendments to the investment procurement policy shall adhere to the requirements set forth by paragraphs (b) to (e) of this subsection.

(7) (a) The board shall adopt written proxy voting guidelines which are consistent with the fiduciary duties and other requirements of this section.

(b) The board shall not adopt the recommendations of a proxy adviser or proxy voting service and shall not allow such proxy adviser or proxy voting service to vote on behalf of the system, unless the proxy adviser or proxy voting service acknowledges in writing and accepts under contract its duties under this section and commits to follow the board-adopted proxy voting guidelines when voting the system's shares in order to comply with the board's fiduciary duties and other responsibilities under this section.

(c) All shares held by or on behalf of the system, and which the system is entitled to vote under state, federal, or common laws, shall be voted according to the proxy voting guidelines adopted by the board and subject to the fiduciary duties and other requirements of this section by:

1. The board, the investment committee of the board, or an employee or employees of the Authority who are fiduciaries under subsection (1) of this section and are appointed or otherwise authorized by the board; or

2. A proxy adviser or proxy voting service that acknowledges in writing and accepts under contract its duties under this section and commits to follow the board-adopted proxy voting guidelines when voting the system's shares in order to comply with the board's fiduciary duties and other responsibilities under this section.

(d) All proxy votes shall be reported at least quarterly to the board. For each vote, the report shall provide:

1. The vote caption;

2. The date of the vote;

3. The company's name;

4. The vote cast for the system;

5. The recommendation of the company's management; and

6. If applicable, the recommendation of the proxy adviser or proxy voting service.

➔Section 3. KRS 78.790 is amended to read as follows:

(1) (a) The board shall be the trustee of funds pertaining to the County Employees Retirement System created by KRS 78.510 to 78.852, and KRS 61.701, and shall have full and exclusive power to invest and reinvest such assets in accordance with federal law.

(b) 1. The board shall establish an investment committee that shall include members of the board with investment experience, elected members, or other members as determined by the board chair, and may also include nonvoting members who have investment expertise.

2. The investment committee shall have authority to implement the investment policies adopted by the board and act on behalf of the board on all investment-related matters.

(c) 1. For the purposes of this paragraph:

a. "Solely in the interest of the members and beneficiaries" shall be determined using only pecuniary factors and shall not include any purpose to further a nonpecuniary interest;

b. "Pecuniary factor" means a consideration having a direct and material connection to the financial risk or financial return of an investment;

c. A "material connection" is established if there is a substantial likelihood that a reasonable investor would consider it important in determining the financial risk or the financial return of an investment;

d. "Nonpecuniary interest" includes but is not limited to an environmental, social, political, or ideological interest which does not have a direct and material connection to the financial risk or financial return of an investment;~~[and]~~

e. "Investment manager" shall have the same definition attributed to "investment adviser" under the federal Investment Advisers Act of 1940, 15 U.S.C. sec. 80b-2***;***

f. "Shareholder-sponsored proposal" means a proposal by a shareholder included in the proxy statement of an issuer of securities pursuant to 17 C.F.R. sec. 240.14a-8;

g. "Economic analysis" means a written analysis of the economic impact of a shareholder-sponsored proposal, which shall include, at a minimum:

i. The subject matter of the shareholder-sponsored proposal;

ii. Whether the board of directors of the issuer of securities opposes the shareholder-sponsored proposal and the stated reasons for the opposition;

iii. Whether the shareholder-sponsored proposal is consistent with the investment policy of the retirement system;

iv. The economic benefits and costs of implementing the shareholder-sponsored proposal, as written, in the long and short term;

v. The quantifiable impact of the shareholder-sponsored proposal, as written, on the investment returns of the funds of the retirement system; and

vi. An explanation of the modeling, procedures, and processes used to complete the economic analysis; and

h. i "Proxy adviser" means any person who is engaged in the business of providing advice, research, analysis, ratings, or recommendations specifically with respect to proxy voting and who has entered into an agreement or contracted with the board of trustees of the retirement system to receive compensation for those purposes.

ii. "Proxy adviser" does not include an investment manager as defined in this subparagraph.

2. A trustee, officer, employee, employee of the Kentucky Public Pensions Authority, investment manager, or other fiduciary, or proxy adviser shall discharge duties with respect to the system:

a. Solely in the interest of the members and beneficiaries;

b. For the exclusive purpose of providing benefits to members and beneficiaries and paying reasonable expenses of administering the system;

c. With the care, skill, and caution under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose;

d. Impartially, taking into account any differing interests of members and beneficiaries;

e. Incurring any costs that are appropriate and reasonable; and

f. In accordance with a good-faith interpretation of the federal, state, and common law governing the system and fiduciaries.

3. Evidence that a fiduciary has considered or acted on a nonpecuniary interest shall include but is not limited to:

a. Statements, explanations, reports, or correspondence;

b. Communications with portfolio companies;

c. Statements of principles or policies, whether made individually or jointly;

d. Votes of shares or proxies; or

e. Coalitions, initiatives, agreements, or commitments to which the fiduciary is a participant, affiliate, or signatory.

4. When exercising or recommending a vote on a shareholder-sponsored proposal, a proxy adviser that has entered into an agreement or contracted with the board of trustees of the retirement system acts solely in the interest of the members and beneficiaries under this subsection if:

a. The proxy adviser's vote or recommendation is consistent with the recommendation of the board of directors of the issuer of the shares, provided:

i. The board of directors of the issuer of the shares is composed of a majority of independent directors; and

ii. The recommendation of the board of directors is not for the purpose of furthering a nonpecuniary interest; or

b. The proxy adviser's vote or recommendation is inconsistent with the recommendation of the board of directors of the issuer of the shares, provided the proxy adviser conducts and documents an economic analysis demonstrating that the vote or recommendation is solely in the interest of the members and beneficiaries.

(d) In addition to the standards of conduct prescribed by paragraph (c) of this subsection:

1. All internal investment staff of the Kentucky Public Pensions Authority, and investment consultants shall adhere to the Code of Ethics and Standards of Professional Conduct, and all board trustees shall adhere to the Code of Conduct for Members of a Pension Scheme Governing Body. All codes cited in this subparagraph are promulgated by the CFA Institute;

2. Investment managers shall comply with all applicable provisions of the federal Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and shall comply with all other applicable federal securities statutes and related rules and regulations that apply to investment managers; and

3. Proxy advisers and proxy voting services shall comply with all applicable provisions of the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and shall comply with all other federal statutes and related rules and regulations that apply to proxy advisers and proxy voting services.

(e) No contract or agreement, whether made in writing or not, shall in any manner waive, restrict, or limit a fiduciary's liability as to any of the duties imposed by this section. Any agreement shall specify that it is made in the Commonwealth and governed by the laws of the Commonwealth.

(2) The board, through adopted written policies, shall maintain ownership and control over its assets held in its unitized managed custodial account.

(3) The board, in keeping with its responsibility as the trustee and wherever feasible, shall give priority to the investment of funds in obligations calculated to improve the industrial development and enhance the economic welfare of the Commonwealth.

(4) The contents of real estate appraisals, engineering or feasibility estimates, and evaluations made by or for the system relative to the acquisition or disposition of property, until such time as all of the property has been acquired or sold, shall be excluded from the application of KRS 61.870 to 61.884 and shall be subject to inspection only upon order of a court of competent jurisdiction.

(5) Based upon market value at the time of purchase, the board shall limit the amount of assets managed by any one (1) active or passive investment manager to fifteen percent (15%) of the assets in the pension and insurance funds.

(6) All contracts for the investment or management of assets of the system shall not be subject to KRS Chapters 45, 45A, 56, and 57. Instead, the board shall conduct the following process to develop and adopt an investment procurement policy with which all prospective contracts for the investment or management of assets of the system shall comply:

(a) The board shall consult with the secretary of the Finance and Administration Cabinet or his or her designee to develop an investment procurement policy, which shall be written to meet best practices in investment management procurement;

(b) Thirty (30) days prior to adoption, the board shall tender the preliminary investment procurement policy to the secretary of the Finance and Administration Cabinet or his or her designee for review and comment;

(c) Upon receipt of comments from the secretary of the Finance and Administration Cabinet or his or her designee, the board shall choose to adopt or not adopt any recommended changes;

(d) Upon adoption, the board shall tender the final investment procurement policy to the secretary of the Finance and Administration Cabinet or his or her designee;

(e) No later than thirty (30) days after receipt of the investment procurement policy, the secretary or his or her designee shall certify whether the board's investment procurement policy meets or does not meet best practices for investment management procurement; and

(f) Any amendments to the investment procurement policy shall adhere to the requirements set forth by paragraphs (b) to (e) of this subsection.

(7) (a) The board shall adopt written proxy voting guidelines, which are consistent with the fiduciary duties and other requirements of this section.

(b) The board shall not adopt the recommendations of a proxy adviser or proxy voting service and shall not allow such proxy adviser or proxy voting service to vote on behalf of the system, unless the proxy adviser or proxy voting service acknowledges in writing and accepts under contract its duties under this section and commits to follow the board-adopted proxy voting guidelines when voting the system's shares in order to comply with the board's fiduciary duties and other responsibilities under this section.

(c) All shares held by or on behalf of the system, and which the system is entitled to vote under state, federal, or common laws, shall be voted according to the proxy voting guidelines adopted by the board and subject to the fiduciary duties and other requirements of this section by:

1. The board, the investment committee of the board, or an employee or employees of the Authority who are fiduciaries under subsection (1) of this section and are appointed or otherwise authorized by the board; or

2. A proxy adviser or proxy voting service that acknowledges in writing and accepts under contract its duties under this section and commits to follow the board-adopted proxy voting guidelines when voting the system's shares in order to comply with the board's fiduciary duties and other responsibilities under this section.

(d) All proxy votes shall be reported at least quarterly to the board. For each vote, the report shall provide:

1. The vote caption;

2. The date of the vote;

3. The company's name;

4. The vote cast for the system;

5. The recommendation of the company's management; and

6. If applicable, the recommendation of the proxy adviser or proxy voting service.

➔Section 4. KRS 161.430 is amended to read as follows:

(1) (a) The board of trustees shall be the trustee of the funds of the retirement system and shall have full power and responsibility for the purchase, sale, exchange, transfer, or other disposition of the investments and moneys of the retirement system. The board shall, by administrative regulation, establish investment policies and procedures to carry out their responsibilities.

(b) 1. The board shall contract with experienced competent investment managers to invest and manage assets of the system. The board may also employ qualified investment staff to advise it on investment matters and to invest and manage assets of the system not to exceed fifty percent (50%) of the system's assets. The board may contract with one (1) or more general investment consultants, as well as specialized investment consultants, to advise it on investment matters.

2. All internal investment staff and investment consultants shall adhere to the Code of Ethics and Standards of Professional Conduct, and all board trustees shall adhere to the Code of Conduct for Members of a Pension Scheme Governing Body, promulgated by the CFA Institute. Investment

managers shall comply with the federal Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder and shall comply with all other applicable federal securities statutes and related rules and regulations that apply to investment managers.

3. No investment manager shall manage more than forty percent (40%) of the funds of the retirement system.

(c) The board may appoint an investment committee to act for the board in all matters of investment, subject to the approval of the board of trustees. The board of trustees, in keeping with their responsibilities as trustees and wherever consistent with their fiduciary responsibilities, shall give priority to the investment of funds in obligations calculated to improve the industrial development and enhance the economic welfare of the Commonwealth. Toward this end, the board shall develop procedures for informing the business community of the potential for in-state investments by the retirement fund, accepting and evaluating applications for the in-state investment of funds, and working with members of the business community in executing in-state investments which are consistent with the board's fiduciary responsibilities. The board shall include in the criteria it uses to evaluate in-state investments their potential for creating new employment opportunities and adding to the total job pool in Kentucky. The board may cooperate with the board of trustees of Kentucky Retirement Systems in developing its program and procedures, and shall report to the Legislative Research Commission annually on its progress in placing in-state investments. The first report shall be submitted by October 1, 1991, and subsequent reports shall be submitted by October 1 of each year thereafter. The report shall include the number of applications for in-state investment received, the nature of the investments proposed, the amount requested, the amount invested, and the percentage of applications which resulted in investments.

(2) (a) For the purposes of this subsection:

1. "Solely in the interest of the members and ***annuitants***~~[beneficiaries]~~" shall be determined using only pecuniary factors and shall not include any purpose to further a nonpecuniary interest;

2. "Pecuniary factor" means a consideration having a direct and material connection to the financial risk or financial return of an investment;

3. A "material connection" is established if there is a substantial likelihood that a reasonable investor would consider it important in determining the financial risk or the financial return of an investment;

4. "Nonpecuniary interest" includes but is not limited to an environmental, social, political, or ideological interest which does not have a direct and material connection to the financial risk or financial return of an investment;~~[and]~~

5. "Investment manager" and "investment consultant" shall have the same definition attributed to "investment adviser" under the federal Investment Advisers Act of 1940, 15 U.S.C. sec. 80b-2***;***

6. "Shareholder-sponsored proposal" means a proposal by a shareholder included in the proxy statement of an issuer of securities pursuant to 17 C.F.R. sec. 240.14a-8;

7. "Economic analysis" means a written analysis of the economic impact of a shareholder-sponsored proposal, which shall include, at a minimum:

a. The subject matter of the shareholder-sponsored proposal;

b. Whether the board of directors of the issuer of securities opposes the shareholder-sponsored proposal and the stated reasons for the opposition;

c. Whether the shareholder-sponsored proposal is consistent with the investment policy of the retirement system;

d. The economic benefits and costs of implementing the shareholder-sponsored proposal, as written, in the long and short term;

e. The quantifiable impact of the shareholder-sponsored proposal, as written, on the investment returns of the funds of the retirement system; and

f. An explanation of the modeling, procedures, and processes used to complete the economic analysis; and

8. a. "Proxy adviser" means any person who is engaged in the business of providing advice, research, analysis, ratings, or recommendations specifically with respect to proxy voting and who has entered into an agreement or contracted with the board of trustees of the retirement system to receive compensation for those purposes.

b. "Proxy adviser" does not include an investment manager or investment consultant as defined in this paragraph.

(b) The board members, investment managers, investment consultants, or other fiduciaries, and proxy advisers shall discharge their duties with respect to the assets of the system solely in the interests of the active contributing members and annuitants and:

1. For the exclusive purpose of providing benefits to members and annuitants and defraying reasonable expenses of administering the system;

2. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims;

3. By diversifying the investments of the plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

4. In accordance with the federal, state, and common laws, administrative regulations, and other instruments governing the system and fiduciaries.

(c) Evidence that a fiduciary has considered or acted on a nonpecuniary interest shall include but is not limited to:

1. Statements, explanations, reports, or correspondence;

2. Communications with portfolio companies;

3. Statements of principles or policies, whether made individually or jointly;

4. Votes of shares or proxies; or

5. Coalitions, initiatives, agreements, or commitments to which the fiduciary is a participant, affiliate, or signatory.

(d) When exercising or recommending a vote on a shareholder-sponsored proposal, a proxy adviser that has entered into an agreement or contracted with the board of trustees of the retirement system acts solely in the interest of the members and annuitants under this subsection if:

1. The proxy adviser's vote or recommendation is consistent with the recommendation of the board of directors of the issuer of the shares, provided:

a. The board of directors of the issuer of the shares is composed of a majority of independent directors; and

b. The recommendation of the board of directors is not for the purpose of furthering a nonpecuniary interest; or

2. The proxy adviser's vote or recommendation is inconsistent with the recommendation of the board of directors of the issuer of the shares, provided the proxy adviser conducts and documents an economic analysis demonstrating that the vote or recommendation is solely in the interest of the members and annuitants.

(3) (a) In choosing and contracting for professional investment management and consulting services, the board shall do so prudently and in the interest of the members and annuitants. Any contract that the board makes with an investment manager shall set forth policies and guidelines of the board with reference to standard rating services and specific criteria for determining the quality of investments. Expenses directly related to investment management and consulting services shall be financed from the guarantee fund in amounts approved by the board.

(b) An investment manager or consultant appointed under this section shall acknowledge in writing his or her fiduciary responsibilities to the fund. To be eligible for appointment, an investment manager, consultant, or an affiliate, shall be:

1. Registered under the Federal Investment Advisers Act of 1940; or

2. A bank as defined by that Act; or

3. An insurance company qualified to perform investment services under the laws of more than one (1) state.

(c) Proxy advisers and proxy voting services shall comply with all applicable provisions of the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and shall comply with all other federal statutes and related rules and regulations that apply to proxy advisers and proxy voting services.

(d) No contract or agreement, whether made in writing or not, shall in any manner waive, restrict, or limit a fiduciary's liability as to any of the duties imposed by this section. Any agreement shall specify that it is made in the Commonwealth ***of Kentucky*** and governed by the laws of the Commonwealth ***of Kentucky***.

(4) No investment or disbursement of funds shall be made unless authorized by the board of trustees, except that the board, in order to ensure timely market transactions, shall establish investment guidelines and may permit its staff and investment managers who are employed or under contract with the board pursuant to this section to execute purchases and sales of investment instruments within those guidelines without prior board approval.

(5) In discharging his or her administrative duties under this section, a trustee shall strive to administer the retirement system in an efficient and cost-effective manner for the taxpayers of the Commonwealth of Kentucky.

(6) Notwithstanding any other provision of KRS 161.220 to 161.716, no funds of the Teachers' Retirement System, including fees and commissions paid to an investment manager, private fund, or company issuing securities, who manages systems assets, shall be used to pay fees and commissions to placement agents. For purposes of this subsection, "placement agent" means a third-party individual, who is not an employee, or firm, wholly or partially owned by the entity being hired, who solicits investments on behalf of an investment manager, private fund, or company issuing securities.

(7) All contracts for the investment or management of assets of the system shall not be subject to KRS Chapters 45, 45A, 56, and 57. Instead, the board shall conduct the following process to develop and adopt an investment procurement policy with which all prospective contracts for the investment or management of assets of the system shall comply:

(a) On or before July 1, 2017, the board shall consult with the secretary of the Finance and Administration Cabinet or his or her designee to develop an investment procurement policy, which shall be written to meet best practices in investment management procurement;

(b) Thirty (30) days prior to adoption, the board shall tender the preliminary investment procurement policy to the secretary of the Finance and Administration Cabinet or his or her designee for review and comment;

(c) Upon receipt of comments from the secretary of the Finance and Administration Cabinet or his or her designee, the board shall choose to adopt or not adopt any recommended changes;

(d) Upon adoption, the board shall tender the final investment procurement policy to the secretary of the Finance and Administration Cabinet or his or her designee;

(e) No later than thirty (30) days after receipt of the investment procurement policy, the secretary or his or her designee shall certify whether the board's investment procurement policy meets or does not meet best practices for investment management procurement; and

(f) Any amendments to the investment procurement policy shall adhere to the requirements set forth by paragraphs (b) to (e) of this subsection.

(8) (a) The board shall adopt written proxy voting guidelines which are consistent with the fiduciary duties and other requirements of this section.

(b) The board shall not adopt the recommendations of a proxy adviser or proxy voting service and shall not allow such proxy adviser or proxy voting service to vote on behalf of the system, unless the proxy adviser or proxy voting service acknowledges in writing and accepts under contract its duties under this section and commits to follow the board-adopted proxy voting guidelines when voting the system's shares in order to comply with the board's fiduciary duties and other responsibilities under this section.

(c) All shares held by or on behalf of the system, and which the system is entitled to vote under state, federal, or common laws, shall be voted according to the proxy voting guidelines adopted by the board and subject to the fiduciary duties and other requirements of this section by:

1. The board, the investment committee of the board, or an employee or employees of the system who are fiduciaries under this section and are appointed or otherwise authorized by the board; or

2. A proxy adviser or proxy voting service that acknowledges in writing and accepts under contract its duties under this section and commits to follow the board-adopted proxy voting guidelines when voting the system's shares in order to comply with the board's fiduciary duties and other responsibilities under this section.

(d) All proxy votes shall be reported at least quarterly to the board. For each vote, the report shall provide:

1. The vote caption;

2. The date of the vote;

3. The company's name;

4. The vote cast for the system;

5. The recommendation of the company's management; and

6. If applicable, the recommendation of the proxy adviser or proxy voting service.

Veto Overridden March 27, 2025.

CHAPTER 116

(SB 245)

AN ACT relating to the Department of Fish and Wildlife Resources Commission and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 150.022 is amended to read as follows:

(1) The Department of Fish and Wildlife Resources Commission shall consist of nine (9) members, one (1) from each commission district, as set out by the commissioner with the approval of the commission, and not more than five (5) of the same political party.

(2) The Governor shall appoint the members of the commission subject to confirmation by the Senate as described in subsection (3) of this section. Each of the members shall be appointed for a term ending on December 31 of the fourth calendar year following his or her appointment***. A member whose reappointment is not confirmed by the Senate while it is in session shall vacate his or her seat upon the date of sine die adjournment of the session in which the confirmation was declined. Otherwise***,~~[except that]~~ a member's term shall continue until his or her successor is duly appointed and confirmed by the Senate, but no later than one (1) year following the expiration of the member's term. If after one (1) year a successor has not been duly appointed and confirmed by the Senate, the commissioner's seat for that district shall be vacant until a successor is duly appointed and confirmed by the Senate. A member shall serve no more than two (2) full terms, not including any partial term that a member may additionally serve. A person who has been convicted of a felony offense, in Kentucky or under the law of any other state, or any other law of the United States shall not be eligible to serve on the commission.

(3) (a) Vacancies through the expiration of terms of the members of the commission shall be filled by appointment by the Governor from a list of five (5) names from each commission district, recommended and submitted by the sportsmen of each respective district.

(b) When the term of a member expires, the commissioner shall call a meeting of the sportsmen in that district not later than thirty (30) days prior to the expiration of the member's term. Notice of the meeting shall be given by publication pursuant to KRS Chapter 424.

(c) At the meeting, the sportsmen in attendance shall select and submit to the Governor a list of five (5) residents and citizens of the district who have held hunting and fishing licenses in Kentucky or another state for at least the previous five (5) consecutive years, or who have been hunting and fishing in the Commonwealth for the previous five (5) consecutive years while license-exempt under KRS 150.170, and who are well informed on the subject of wildlife conservation and restoration. Each sportsman may vote for one (1) candidate only, and the list submitted to the Governor shall be made up of the names of the five (5) candidates receiving the five (5) highest vote totals.

(d) The Governor shall appoint a successor to the member whose term has expired no later than January 20 of the year following the year in which the member's term expired.

(4) Upon appointment to the Department of Fish and Wildlife Resources Commission, each commissioner shall execute a bond of one thousand dollars ($1,000) in favor of the Department of Fish and Wildlife Resources, the premium on this bond to be paid out of department funds.

(5) In the event of vacancies other than by expiration, the Governor shall fill the vacancy for the unexpired part of the term from the names remaining on the list previously submitted for the district from which the vacancy arose. An appointee chosen under this subsection shall not serve on the commission until duly confirmed by the Senate.

(6) Each member of the commission shall take the constitutional oath of office.

(7) The Governor shall remove any member of the commission for cause under subsection (2) of this section and may remove a member of the commission for nonfeasance, neglect of duty, or misconduct in office; but shall first deliver to the member a copy of all charges in writing and afford to him or her an opportunity for an administrative hearing to be conducted in accordance with KRS Chapter 13B.

(8) Each member of the commission shall be entitled to reimbursement for actual and necessary traveling and other expenses incurred by him or her in the discharge of his or her official duties and to be paid from the game and fish fund.

(9) A majority of the commission shall constitute a quorum for the transaction of any business, for the performance of any duty or for the exercise of any power vested in the commission.

(10) The department shall have its principal office in Franklin County, and is authorized to purchase all supplies, equipment, and printed forms and to issue any notices and publications as the commissioner may deem necessary to carry out the provisions of this chapter.

(11) The word "sportsman" as used in this section shall mean a resident hunter or fisherman who has been licensed in Kentucky for each of the past two (2) consecutive years.

➔Section 2. Whereas it is critical to the administration of the Department of Fish and Wildlife Resources that it is governed by a commission that does not have any members whose reappointments have been declined by the Senate, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Veto Overridden March 27, 2025.

CHAPTER 117

(SB 25)

Provisions of this bill that are to be deleted due to vetoes of the Governor that were not overridden by the General Assembly are displayed as bracketed text with intervening strikethrough and enclosed in double asterisks, e.g., **[~~text~~]**.

AN ACT relating to oversight of government operations and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 103.200 is amended to read as follows:

As used in KRS 103.200 to 103.285:

(1) "Building" or "industrial building" means any land and building or buildings**,** ~~[(]~~including office space related and subordinate to any of the facilities enumerated ***in this subsection*** ~~[below)]~~, any facility or other improvement thereon, and all real and personal properties, including operating equipment and machinery deemed necessary in connection therewith, whether or not now in existence, which shall be suitable for the following or any combination thereof:

(a) Any activity, business, or industry for the manufacturing, processing or assembling of any commercial product, including agricultural, mining, or manufactured products and solar-generated electricity, together with storage, warehousing, and distribution facilities in respect thereof;

(b) Any undertaking involving the construction, reconstruction, and use of airports, mass commuting facilities, ship canals, ports or port facilities, docks or wharf facilities or harbor facilities, off-street parking facilities or of railroads, monorails, or tramways, railway or airline terminals, cable television, mass communication facilities, and related facilities;

(c) Any buildings, structures, and facilities, including the site thereof and machinery, equipment, and furnishings suitable for use as health-care or related facilities, including without limitation hospitals, clinics, nursing homes, research facilities, extended or long-term care facilities, including housing for the aged or the infirm and all buildings, structures, and facilities deemed necessary or useful in connection therewith;

(d) Any nonprofit educational institution in any manner related to or in furtherance of the educational purposes of such institution, including but not limited to classroom, laboratory, housing, administrative, physical educational, and medical research and treatment facilities;

(e) Any facilities for any recreation or amusement park, public park, or theme park, including specifically facilities for the use of nonprofit entities in making recreational and cultural benefits available to the public;

(f) Any facilities involving manufacturing and service industries which process raw agricultural products, including timber, provide value-added functions, or supply ingredients used for production of basic agricultural crops and products;

(g) Any facilities incident to the development of industrial sites, including land costs and the costs of site improvements thereon, such as grading, streets, drainage, storm and sanitary sewers, and other facilities and structures incidental to the use of such site or sites for industrial use;

(h) Any facilities for the furnishing of water, if available on reasonable demand to members of the general public;

(i) Any facilities for the extraction, production, grading, separating, washing, drying, preparing, sorting, loading, and distribution of mineral resources, together with related facilities;

(j) Any convention or trade show facilities, together with all related and subordinate facilities necessary to the development and proper utilization thereof;

(k) Any facilities designed and constructed to be used as hotels ~~[and/]~~or motels, together with all related and subordinate facilities necessary to the operation thereof, including site preparation and similar facilities;

(l) Any activity designed for the preservation of residential neighborhoods, provided that such activity receives approval of the heritage division and insures the preservation of not fewer than four (4) family units;

(m) Any activity designed for the preservation of commercial or residential buildings which are on the National Register of Historic Places or within an area designated as a national historic district or approved by the heritage division;

(n) Any activity, including new construction, designed for revitalization or redevelopment of downtown business districts as designated by the issuer;~~[and]~~

(o) Any use by an entity recognized by the Internal Revenue Service as an organization described in 26 U.S.C. sec. 501(c)(3) in any manner related to or in the furtherance of that entity's exempt purposes where the use would also qualify for federally tax-exempt financing under the rules applicable to a qualified 501(c)(3) bond as defined in 26 U.S.C. sec. 145***; and***

(p) Any activity, including new construction, that would result in an increase of forty-eight (48) units or more to the stock of residential multifamily housing units.

(2) "Bonds" or "negotiable bonds" means bonds, notes, variable rate bonds, commercial paper bonds, bond anticipation notes, or any other obligations for the payment of money issued by a city, county, or other authority pursuant to KRS 103.210 to 103.285.

(3) "Substantiating documentation" means an independent finding, study, report, or assessment of the economic and financial impact of a project, which shall include a review of customary business practices, terms, and conditions for similar types of projects, both taxable and tax-exempt, in the current market environment.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

As used in Sections 2 to 9 of this Act:

(1) "Board" means the Medicaid Oversight and Advisory Board;

(2) "Cabinet" means the Cabinet for Health and Family Services;

(3) "Commission" means the Legislative Research Commission;

(4) "Department" means the Department for Medicaid Services; and

(5) "Medicaid program" means the Kentucky Medical Assistance Program established in KRS 205.510 to 205.630 and the Kentucky Children's Health Insurance Program established in KRS 205.6483.

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

The Medicaid Oversight and Advisory Board of the Kentucky General Assembly is hereby established. The purpose of the board is to optimize delivery of health services for continually improving health outcomes and doing so in a cost efficient and effective manner. The board shall review, analyze, study, evaluate, provide legislative oversight, and make recommendations to the General Assembly regarding any aspect of the Kentucky Medicaid program, including but not limited to benefits and coverage policies, access to services and network adequacy, health outcomes and equity, reimbursement rates, payment methodologies, delivery system models, financing and funding, and administrative regulations.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

(1) The board shall be composed of the following members:

(a) Ten (10) legislative members, as follows:

1. Four (4) members of the House of Representatives appointed by the Speaker of the House of Representatives, each of whom shall serve while a member of the House for the term for which he or she has been elected, one (1) of whom shall be the chair or vice chair of the House Standing Committee on Health Services, and one (1) of whom shall be the chair or vice chair of the House Standing Committee on Families and Children;

2. One (1) member of the House of Representatives appointed by the Minority Floor Leader of the House of Representatives, who shall serve while a member of the House for the term for which he or she has been elected;

3. Four (4) members of the Senate appointed by the President of the Senate, each of whom shall serve a term of two (2) years, one (1) of whom shall be the chair or vice chair of the Senate Standing Committee on Health Services, and one (1) of whom shall be the chair or vice chair of the Senate Standing Committee on Families and Children; and

4. One (1) member of the Senate appointed by the Minority Floor Leader of the Senate, who shall serve a term of two (2) years;

(b) Eleven (11) nonlegislative, nonvoting members, as follows:

1. The commissioner of the department or his or her designee;

2. The chief medical officer of the Commonwealth or his or her designee;

3. The chair of the Advisory Council for Medical Assistance established in KRS 205.540 or his or her designee;

4. The state budget director or his or her designee;

5. The Auditor of Public Accounts or his or her designee;

6. The executive director of the Kentucky Association of Health Plans, or its successor organization, or his or her designee;

7. The director of the Center of Excellence in Rural Health established in KRS 164.937 or his or her designee;

8. Two (2) members appointed by the Speaker of the House of Representatives, of which:

a. One (1) shall have significant Medicaid-specific experience in healthcare administration, financing, policy, or research; and

b. One (1) shall be a licensed healthcare provider who is a participating Medicaid provider and who serves on one (1) of the technical advisory committees to the Advisory Council for Medical Assistance established in KRS 205.590; and

9. Two (2) members appointed by the President of the Senate, of which:

a. One (1) shall have significant Medicaid-specific experience in healthcare administration, financing, policy, or research; and

b. One (1) shall be a licensed healthcare provider who is a participating Medicaid provider and who serves on one (1) of the technical advisory committees to the Advisory Council for Medical Assistance established in KRS 205.590; and

(c) Two (2) nonvoting ex officio members, as follows:

1. The chair of the House Standing Committee on Appropriations and Revenue; and

2. The chair of the Senate Standing Committee on Appropriations and Revenue.

(2) (a) Of the members appointed pursuant to subsection (1)(a)1. of this section, the Speaker of the House of Representatives shall designate one (1) as co-chair of the board.

(b) Of the members appointed pursuant to subsection (1)(a)3. of this section, the President of the Senate shall designate one (1) as co-chair of the board.

(c) In order to be eligible for appointment under subsection (1)(b)8. and 9. of this section an individual shall not:

1. Be a member of the General Assembly;

2. Be employed by a state agency of the Commonwealth of Kentucky; or

3. Receive contractual compensation for services rendered to a state agency of the Commonwealth of Kentucky that would conflict with his or her service on the board.

(d) For the purpose of appointing members described in subsection (1)(b)8.a. and 9.a. of this section, "significant Medicaid-specific experience in healthcare administration, financing, policy, or research" means:

1. Experience in administering the Kentucky Medical Assistance Program;

2. A hospital administrator with relevant experience in Medicaid billing or regulatory compliance;

3. An attorney licensed to practice law in the Commonwealth of Kentucky with relevant experience in healthcare law;

4. A consumer or patient advocate with relevant experience in the area of Medicaid policy; or

5. A current or former university professor whose primary area of emphasis is healthcare economics or financing, health equity, healthcare disparities, or Medicaid policy.

(e) Individuals appointed to the board under subsection (1)(b)8. and 9. of this section shall:

1. Serve for a term of two (2) years; and

2. Not serve more than one (1) consecutive term after which time he or she may not be reappointed to the board for a period of at least two (2) years.

(f) If an individual appointed to the board pursuant to subsection (1)(b)8.b. or 9.b. of this section ceases to participate in the Medicaid program or ceases to serve on a technical advisory committee to the Advisory Council for Medical Assistance established in KRS 205.590, he or she may continue to serve on the board until his or her replacement has been appointed.

(3) (a) Any vacancy which may occur in the membership of the board shall be filled in the same manner as the original appointment.

(b) A member of the board whose term has expired may continue to serve until such time as his or her replacement has been appointed.

(4) Members of the board shall be entitled to reimbursement for expenses incurred in the performance of their duties on the board.

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

(1) The board shall meet at least six (6) times during each calendar year.

(2) The co-chairs of the board shall have joint responsibilities for board meeting agendas and presiding at board meetings.

(3) (a) On an alternating basis, each co-chair shall have the first option to set a meeting date.

(b) A scheduled meeting may be canceled by agreement of both co-chairs.

(4) A majority of the entire voting membership of the board shall constitute a quorum, and all actions of the board shall be by vote of a majority of its entire voting membership.

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

The board, consistent with its purpose as established in Section 3 of this Act, shall have the authority to:

(1) Require any of the following entities to provide any and all information necessary to carry out the board's duties, including any contracts entered into by the department, the cabinet, or any other state agency related to the administration of any aspect of the Medicaid program or the delivery of Medicaid benefits or services:

(a) The cabinet;

(b) The department;

(c) Any other state agency;

(d) Any Medicaid managed care organization with whom the department has contracted for the delivery of Medicaid services;

(e) The state pharmacy benefit manager contracted by the department pursuant to KRS 205.5512; and

(f) Any other entity contracted by a state agency to administer or assist in administering any aspect of the Medicaid program or the delivery of Medicaid benefits or services;

(2) Establish a uniform format for reports and data submitted to the board and the frequency, which may be monthly, quarterly, semiannually, annually, or biannually, and the due date for the reports and data;

(3) Conduct public hearings in furtherance of its general duties, at which it may request the appearance of officials of any state agency and solicit the testimony of interested groups and the general public;

(4) Establish any advisory committees or subcommittees of the board that the board deems necessary to carry out its duties;

(5) Recommend that the Auditor of Public Accounts perform a financial or special audit of the Medicaid program or any aspect thereof; and

(6) Subject to selection and approval by the Legislative Research Commission, utilize the services of consultants, analysts, actuaries, legal counsel, and auditors to render professional, managerial, and technical assistance, as needed.

➔SECTION 7. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

(1) The board, consistent with its purpose as established in Section 3 of this Act, shall:

(a) On an ongoing basis, conduct an impartial review of all state laws and regulations governing the Medicaid program and recommend to the General Assembly any changes it finds desirable with

respect to program administration including delivery system models, program financing, benefits and coverage policies, reimbursement rates, payment methodologies, provider participation, or any other aspect of the program;

(b) On an ongoing basis, review any change or proposed change in federal laws and regulations governing the Medicaid program and report to the Legislative Research Commission on the probable costs, possible budgetary implications, potential effect on healthcare outcomes, and the overall desirability of any change or proposed change in federal laws or regulations governing the Medicaid program;

(c) At the request of the Speaker of the House of Representatives or the President of the Senate, evaluate proposed changes to state laws affecting the Medicaid program and report to the Speaker or the President on the probable costs, possible budgetary implications, potential effect on healthcare outcomes, and overall desirability as a matter of public policy;

(d) At the request of the Legislative Research Commission, research issues related to the Medicaid program;

(e) Beginning in 2026 and at least once every five (5) years thereafter, cause a review to be made of the administrative expenses and operational cost of the Medicaid program. The review shall include but not be limited to evaluating the level and growth of administrative costs, the potential for legislative changes to reduce administrative costs, and administrative changes the department may make to reduce administrative costs or staffing needs. At the discretion of the Legislative Research Commission, the review may be conducted by a consultant retained by the board;

(f) Beginning in 2027 and at least once every five (5) years thereafter, cause a program evaluation to be conducted of the Medicaid program. In any instance in which a program evaluation indicates inadequate operating or administrative system controls or procedures, inaccuracies, inefficiencies, waste, extravagance, unauthorized or unintended activities, or other deficiencies, the board shall report its findings to the Legislative Research Commission. The program evaluation shall be performed by a consultant retained by the board;

(g) Beginning in 2028 and at least once every five (5) years thereafter, cause an actuarial analysis to be performed of the Medicaid program, to evaluate the sufficiency and appropriateness of Medicaid reimbursement rates established by the department and those paid by any managed care organization contracted by the department for the delivery of Medicaid services. The actuarial analysis shall be performed by an actuary retained by the board;

(h) Beginning in 2029 and at least once every five (5) years thereafter, cause the overall health of the Medicaid population to be assessed. The assessment shall include but not be limited to a review of health outcomes, healthcare disparities among program beneficiaries and as compared to the general population, and the effect of the overall health of the Medicaid population on program expenses. The assessment shall be performed by a consultant retained by the board; and

(i) Beginning in 2026 and annually thereafter, publish a report covering the board's evaluations and recommendations with respect to the Medicaid program. The report shall be submitted to the Legislative Research Commission no later than December 1 of each year, and shall include at a minimum a summary of the board's current evaluation of the program and any legislative recommendations made by the board.

(2) The board, consistent with its purpose as established in Section 3 of this Act, may:

(a) Review all new or amended administrative regulations related to the Medicaid program and provide comments to the Administrative Regulation Review Subcommittee established in KRS 13A.020;

(b) Make recommendations to the General Assembly, the Governor, the secretary of the cabinet, and the commissioner of the department regarding program administration including benefits and coverage policies, access to services and provider network adequacy, healthcare outcomes and disparities, reimbursement rates, payment methodologies, delivery system models, funding, and administrative regulations. Recommendations made pursuant to this section shall be nonbinding and shall not have the force of law; and

(c) On or before December 1 of each calendar year, adopt an annual research agenda. The annual research agenda may include studies, research, and investigations considered by the board to be significant. Board staff shall prepare a list of study and research topics related to the Medicaid

program for consideration by the board in the adoption of the annual research agenda. An annual research agenda adopted by the board may be amended by the Legislative Research Commission to include any studies or reports mandated by the General Assembly during the next succeeding regular session.

(3) At the discretion of the Legislative Research Commission, studies and research projects included in an annual research agenda adopted by the board pursuant to subsection (2)(c) of this section may be conducted by outside consultants, analysts, or researchers to ensure the timely completion of the research agenda.

➔SECTION 8. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

The Legislative Research Commission shall have exclusive jurisdiction over the employment of personnel necessary to carry out the provisions of Sections 2 to 9 of this Act. Staff and operating costs of the board shall be provided from the budget of the Legislative Research Commission.

➔SECTION 9. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO READ AS FOLLOWS:

The officers and personnel of any state agency and any other person may serve at the request of the board upon any advisory committees that the board may create. State officers and personnel may serve upon these advisory committees without forfeiture of office or employment and with no loss or diminution in the compensation statute, rights, and privileges which they otherwise enjoy.

➔Section 10. KRS 7A.010 is amended to read as follows:

As used in ***KRS 7A.010 to 7A.170***~~[this chapter, unless the context otherwise requires]~~:

(1) "Capital project" means:

(a) Any undertaking which is to be financed or funded through an appropriation by the General Assembly of general fund, road fund, bond fund, trust and agency fund, or federal fund moneys, where the expenditure is a capital expenditure pursuant to statute or under standards prescribed by the Legislative Research Commission under the authority of KRS Chapter 48;

(b) Any undertaking which is to be financed by a capital expenditure for use by the state government or one of its departments or agencies, as defined in KRS 12.010 or enumerated in KRS 12.020, including projects related to the construction or maintenance of roads, and including projects of institutions of higher education as defined in KRS 164A.550(2);

(c) Any capital construction item, or any combination of capital construction items necessary to make a building or utility installation complete, estimated to cost:

1. Except for items of movable equipment, one million dollars ($1,000,000) or more, regardless of the source of funds; or

2. Any item of movable equipment, estimated to cost two hundred thousand dollars ($200,000) or more, regardless of the source of funds;

(d) Any lease of real property whose value is two hundred thousand dollars ($200,000) or more;

(e) Any lease of an item of movable equipment if the total cost of the lease, lease-purchase, or lease with an option to purchase is two hundred thousand dollars ($200,000) or more; or

(f) Any new acquisition, upgrade, or replacement of an information technology system estimated to cost one million dollars ($1,000,000) or more;

(2) "Board" means the Capital Planning Advisory Board of the Kentucky General Assembly created by KRS 7A.110;

(3) "Plan" means the state capital improvement plan provided for by KRS 7A.120;

(4) "State agency" means any department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, or other entity of the executive, judicial, or legislative branch of the state government; and

(5) "Information technology system" means any related computer or telecommunications components that provide a functional system for a specific business purpose and contain one (1) or more of the following:

(a) Hardware;

(b) Software, including application software, systems management software, utility software, or communications software;

(c) Professional services for requirements analysis, system integration, installation, implementation, or data conversion services; or

(d) Digital data products, including acquisition and quality control.

➔Section 11. KRS 7A.140 is amended to read as follows:

The board may adopt any administrative regulations ***in accordance with KRS Chapter 13A*** necessary to carry out its planning and advisory functions as provided by ***KRS 7A.010 to 7A.170*** ~~[this chapter]~~.

➔Section 12. KRS 7A.150 is amended to read as follows:

The Legislative Research Commission shall have exclusive jurisdiction over the employment of personnel necessary to carry out the provisions of KRS ***7A.010 to 7A.170*** ~~[Chapter 7A]~~. Staff and operating costs of the Capital Planning Advisory Board shall be provided from the budget of the Legislative Research Commission.

➔Section 13. KRS 7A.180 is amended to read as follows:

As used in ***KRS 7A.180 to 7A.190*** ~~[this section]~~:

(1) "Board" means the Investments in Information Technology Improvement and Modernization Projects Oversight Board;

(2) "Information technology system" means any related computer or telecommunication components that provide a functional system for a specific business purpose and contain one (1) or more of the following:

1. Hardware;

2. Software, including application software, systems management software, utility software, or communications software;

3. Professional services for requirements analysis, system integration, installation, implementation, or data conversion services; or

4. Digital data products, including acquisition and quality control; and

(3) "State agency" means any department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, or other entity of the executive, judicial, or legislative branch of state government.

➔Section 14. KRS 227.200 is amended to read as follows:

As used in KRS 227.200 to 227.400, unless the context otherwise requires:

(1) "Commissioner" means the commissioner of housing, buildings and construction;

(2) "Department" means the Department of Housing, Buildings and Construction;

(3) "Fire investigator" means a deputy fire marshal who has been appointed by the state fire marshal to be a fire investigator and to exercise peace officer powers in order to investigate crimes set out in KRS Chapter 513 and other crimes discovered in the course of investigation;

(4) "Fire loss" means loss of or damage to property, loss of life or personal injury, by fire, lightning, or explosion;

(5) ***"Local legislative body" means the chief legislative body of a city, county, urban-county government, consolidated local government, charter county government, or unified local government;***

(6) "Local government" means a city, county, urban-county government, consolidated local government, charter county government, or unified local government;

(7) "Order" or "special order" means an order of the state fire marshal, designed for the prevention of fire loss, that affects or may affect the property rights of a particular owner or designated property;

(8) ~~[(6)]~~ "Owner" means any person who owns, occupies, or has charge of any property;

(9) ~~[(7)]~~ "Property" means property of all types, both real and personal, movable and immovable; and

(10)~~[(8)]~~ "Rule" or "regulation" means a general order of the commissioner, designed for the prevention of fire loss, which affects or may affect property rights of a designated class of owners or for the prevention of fire loss by certain indicated hazards.

➔Section 15. KRS 227.335 is amended to read as follows:

(1) An appeal from the ***local appeals board or*** state fire marshal***, in cases where no local appeals board has been established under Section 18 of this Act,*** shall be taken only from a final order on hearing.

(2) Any person who was a party to a hearing and who is aggrieved by the final order may appeal in accordance with KRS Chapter 13B to the Circuit Court ***with jurisdiction***~~[within which the property is located]~~.

➔Section 16. KRS 227.380 is amended to read as follows:

(1) Whenever the chief of the fire department or any officer or member of his department designated by him for that purpose finds any property which, for want of repairs, lack of sufficient fire escapes, age, dilapidated condition, or any other cause, is especially liable to fire loss, or whenever an officer finds in any property, combustible or explosive matter or inflammable materials likely to result in fire loss, he shall order it to be remedied. The order shall forthwith be conformed to by the owner of the property.

(2) The owner may appeal to the ***local appeals board or to the*** state fire marshal ***if no local appeals board has been established under Section 18 of this Act*** within ten (10) days following receipt of the order. ~~[The state fire marshal shall, upon appeal, conduct a hearing in accordance with KRS Chapter 13B.]~~

➔Section 17. KRS 227.390 is amended to read as follows:

If any owner fails to comply with an order issued pursuant to KRS 227.380 or with an order as modified on appeal~~[to the commissioner]~~, the officer may cause the property to be repaired, or removed if repair is not feasible, and all fire hazard conditions remedied, at the expense of the owner. Such expense may be enforced against any property of such owners and the officer and those employed to do the work or who furnish materials or equipment therefor shall have a lien for such expense on the real estate or property involved.

➔SECTION 18. A NEW SECTION OF KRS 227.200 TO 227.400 IS CREATED TO READ AS FOLLOWS:

(1) The mayor or county judge/executive of a local government which is enforcing the fire prevention and protection codes may, upon approval of the local legislative body, appoint a local appeals board. The local appeals board shall:

(a) Consist of five (5) technically qualified persons with professional experience related to the fire prevention and construction industry;

(b) Hear appeals from orders of the local fire chief or designee or any deputy or assistant of the state fire marshal acting in the state fire marshal's name and his or her delegated authority; and

(c) Have at least three (3) members of the local appeals board that are not employed by the local government.

(2) Local governments may enter into an interlocal cooperation agreement pursuant to KRS 65.210 to 65.300 to cooperate with each other in providing a local appeals board and shall adhere to the provisions of KRS Chapter 227 when entering into an interlocal cooperation agreement.

(3) (a) A fire chief, or an employee of a local fire prevention or fire department shall not sit on a local appeals board if the board is hearing an appeal to a decision rendered by his or her department.

(b) A member of a local appeals board shall not hear an appeal in a case in which he or she has a private interest.

(4) (a) Any party to a decision by the fire chief or designee, or any deputy or assistant of the state fire marshal acting in the state fire marshal's name and under his or her delegated authority may appeal the decision to the local appeals board.

(b) The local appeals board shall:

1. Convene a hearing to consider the appeal within fifteen (15) days of receipt of an appeal from a qualified party;

2. Notify all parties of the time and place of the hearing by certified mail no later than ten (10) days prior to the date of the hearing; and

3. Render a decision within five (5) working days after the hearing.

(5) (a) An appeal shall include:

1. Citation of those provisions of the fire prevention and protection codes which are at issue; and

2. An explanation of why the decision is being contested.

(b) The local appeals board shall uphold, amend, or reverse the decision of the fire chief order signee, or any deputy or assistant of the state fire marshal on each infraction being appealed.

(6) The state fire marshal shall hear appeals directly from the decisions of the fire chief or any deputy or assistant with delegated authority in cases where no local appeals board has been established under this section. In no case shall the state fire marshal hear an appeal directly from a party aggrieved by the decision of the fire chief or any deputy or assistant with delegated authority from the state fire marshal when there is a local appeals board with jurisdiction.

(7) An appeal to the state fire marshal when no local appeals board has been established under this section shall be in accordance with KRS 227.335.

(8) An appeal of a local appeals board's final order, or of the state fire marshal's final order in cases where no local appeals board has jurisdiction, shall be to the Circuit Court with jurisdiction in accordance with KRS 13B.125.

➔Section 19. KRS 43.010 is amended to read as follows:

As used in this chapter, unless the context requires otherwise:

(1) "Auditor" means the Auditor of Public Accounts***;*** ~~[.]~~

(2) "Budget unit" means a department or other unit of organization for which separate appropriations are made from those for any other organization unit***;*** ~~[.]~~

(3) ***"Deputy auditor" means the deputy auditor of public accounts appointed pursuant to Section 20 of this Act;***

(4) "Ombudsman" means the executive director of the Commonwealth Office of the Ombudsman appointed pursuant to Section 21 of this Act;

(5) "State agency" means any state officer, department, board, commission, institution, division, or other person or functional group that is authorized to exercise or does exercise any executive or administrative jurisdiction, powers, duties, rights or obligations of the state government conferred or imposed by law or exercised, performed, or discharged by legal authority in compliance with law***; and*** ~~[.]~~

(6) ~~[(4)]~~ "Writing" or "written" means letters, words, or numbers, or their equivalent, set down by handwriting, typewriting, printing, photostating, photographing, magnetic impulse, mechanical or electronic recording, or other form of data compilation.

➔Section 20. KRS 43.030 is amended to read as follows:

(1) The Auditor shall appoint for the duration of his or her own term, subject to removal by the Auditor at any time, one (1) ***deputy*** ~~[assistant]~~ auditor ~~[of public accounts]~~, who shall be a certified public accountant and who has been a citizen and resident of the state for at least two (2) years. Except for the Office of the Ombudsman as established in KRS 43.035, the ***deputy*** ~~[assistant]~~ auditor shall have direct supervision over all technical work and technical assistants, and shall otherwise aid the Auditor in the performance of his or her duties, except that the ***deputy*** ~~[assistant]~~ auditor ~~[of public accounts]~~may exercise a full or partial recusal from this supervision requirement in regard to the consulting function authorized in KRS 43.050 if needed to comply with the professional standards of accountancy. If the Auditor is absent or is rendered incapable of performing his or her duties, or if a vacancy in the office occurs, the ***deputy*** ~~[assistant]~~ auditor shall perform the duties of Auditor until the necessity therefor ceases to exist. He or she shall take the constitutional oath.

(2) The Auditor may employ other subordinate personnel subject to the provisions of KRS 12.060. All employees with status as defined in KRS 18A.005 ***operating under the authority of the deputy auditor*** who are engaged in auditing or investigations shall possess a minimum of a four (4) year college degree. No less than ninety percent (90%) of all employees engaged in financial auditing or financial investigations shall have twenty (20) semester hours or thirty (30) quarter hours of accounting, or alternately, shall be a certified public accountant. Not more than two (2) persons charged with the conduct of audits and investigations may substitute year-for-year responsible experience acceptable to the Personnel Cabinet for the required college education and accounting hours.

(3) The Auditor and his or her sureties are liable on his or her official bond for the acts of the ***deputy*** ~~[assistant]~~ auditor and clerks.

(4) Nothing in this section shall be deemed to affect the provisions of KRS 11.090 or other legislation authorizing audits.

➔Section 21. KRS 43.035 is amended to read as follows:

(1) The Commonwealth Office of the Ombudsman is hereby created ***as an office within*** ~~[and is an independent office that shall be administratively attached to]~~ the Auditor of Public Accounts. The Auditor shall appoint an executive director of the Commonwealth Office of the Ombudsman***, who shall serve as the ombudsman and be responsible for overseeing the operations of the office***.

(2) The Commonwealth Office of the Ombudsman shall:

(a) ~~[(1)]~~ Investigate, upon complaint or on its own initiative, any administrative act ***or inaction*** of an organizational unit, employee, or contractor of the Cabinet for Health and Family Services without regard to the finality of the administrative act ***or inaction***. Organizational units, employees, or contractors of the Cabinet for Health and Family Services shall not willfully obstruct an investigation, restrict access to records or personnel, or retaliate against a complainant or cabinet employee;

(b) ~~[(2)]~~ Make recommendations that resolve citizen complaints about the Cabinet for Health and Family Services and improve the cabinet's performance and may require corrective action when policy violations are identified;

(c) ~~[(3)]~~ Provide evaluation and information analysis of the Cabinet for Health and Family Service's performance and compliance with state and federal law;

(d) ~~[(4)]~~ Place an emphasis on research and best practices, program accountability, quality service delivery, and improved performance of the Cabinet for Health and Family Services;

(e) ~~[(5)]~~ Provide information on how to contact the office ***in poster, brochure, pamphlet, or other format to the Cabinet for Health and Family Services, which shall print and publicly post or otherwise make the information available*** ~~[for public posting]~~ at all offices where Department for Community Based Services of the Cabinet for Health and Family Services employees or contractors work, at any facility where a child in the custody of the cabinet resides, and to all cabinet or contracted foster parents ***in a manner approved by the ombudsman***;

(f) ~~[(6)]~~ Report to the Cabinet for Health and Family Services, Office of Inspector General for review and investigation:

1. ~~[(a)]~~ Any charge or case against an employee of the Cabinet for Health and Family Services where it has cause to believe the employee has engaged in dishonest, unethical, or illegal conduct or practices related to his or her job duties; or

2. ~~[(b)]~~ A violation of state law or administrative regulation by any organization or individual regulated by or contracted with the cabinet;

(g) ~~[(7)]~~ Compile a report of all citizen complaints about programs or services of the Cabinet for Health and Family Services and a summary of resolution of the complaints and submit the report upon request to the Interim Joint Committee on Health Services and the Interim Joint Committee on Families and Children; ~~[and]~~

(h) ~~[(8)]~~ Provide information to the Office of the Attorney General, when requested, related to substantiated violations of state law against an employee or contractor of the Cabinet for Health and Family Services or a foster or adoptive parent***;***

(i) Notwithstanding any other provision of law, maintain confidentiality except when disclosures may be advisable in the ombudsman's judgment to enable the office to carry out its duties and to support recommendations; and

(j) Promulgate administrative regulations in accordance with KRS Chapter 13A necessary to perform its duties as specified in this chapter.

(3) Any expense incurred by the Commonwealth Office of the Ombudsman for discretionary investigations, reviews, evaluations, information analysis, or other work performed under this section at the direction of the ombudsman shall be charged to the entity that is the subject of that work at the same rate as established

by the Auditor for audit work done pursuant to KRS 43.050. The Commonwealth Office of the Ombudsman shall maintain records of all time and expenses for such work.

➔Section 22. KRS 43.040 is amended to read as follows:

(1) Upon the expiration of the Auditor's term of office, the Auditor shall file a certification of the inventory of the office with the Secretary of State and shall deliver the inventory to the Auditor's successor.

(2) In the event of a vacancy in the office of Auditor, the ***deputy***~~[assistant]~~ auditor ~~[of public accounts]~~shall file a certification of the inventory of the office with the Secretary of State and shall deliver the inventory to the Auditor's successor.

➔Section 23. KRS 43.080 is amended to read as follows:

(1) The Auditor ~~[and his authorized agents]~~shall have access to and may examine all books, accounts, reports, vouchers, correspondence files, records, money and property of any state agency. Every officer or employee of any such agency having such records or property in his ***or her*** possession or under his ***or her*** control shall permit access to and examination of them upon the request of the Auditor~~[or any agent authorized by him to make such request]~~.

(2) The Auditor ~~[and his assistants]~~shall have access at all times to the papers, books***,*** and records of the asylums, prisons, institutions for the intellectually disabled and eleemosynary institutions, and public works that he ***or she*** is authorized to examine, and of any county officer who receives or disburses county funds.

(3) The Auditor may require information on oath from any person touching any matters relative to any account ***or matter*** that the Auditor is required ***or authorized*** to state, audit***, investigate, review,*** or settle. The Auditor may administer the oath~~[himself]~~, or have it done by any officer authorized to administer an oath.

(4) The Auditor~~[and his assistants]~~ may issue process and compel the attendance of witnesses ~~[before them,]~~and administer oaths and compel witnesses to testify in any of the ***audits, reviews, or*** investigations the Auditor is authorized to make.

(5) Every state agency shall provide at no cost to the Auditor any software and access rights that the Auditor deems advisable to view and retrieve any information subject to this section. Any cost that may be incurred by providing the Auditor with software and access rights shall be borne by the state agency.

(6) As used in this section, "Auditor" includes:

(a) The Auditor's authorized agents;

(b) The deputy auditor; and

(c) The ombudsman.

➔Section 24. KRS 43.090 is amended to read as follows:

(1) Immediately upon completion of each audit and investigation, except those provided for in KRS 43.070 ***or Section 21 of this Act***, the Auditor shall prepare a report of his or her findings and recommendations. He or she shall furnish one (1) copy of the report to the head of the agency to which the report pertains, one (1) copy to the Governor, one (1) copy to the secretary of the Finance and Administration Cabinet, one (1) copy to the Legislative Research Commission, and one (1) copy to the state librarian. The agency to which an Auditor's draft report pertains shall respond in writing to any adverse or critical audit findings and to any recommendations contained in the draft report within fifteen (15) days of receipt of the draft report. The Auditor shall distribute the agency's response to those entitled by this subsection to a copy of the audit report. Within sixty (60) days of the completion of the final audit or examination report, the agency to which an Auditor's report pertains shall notify the Legislative Research Commission and the Auditor of the audit recommendations it has implemented and of the audit recommendations it has not implemented. The agency shall state the reasons for its failure to implement any recommendation made in the final audit or examination report. All audit reports and agency responses shall be, subject to KRS 61.870 to 61.884, posted online in a publicly searchable format.

(2) The Auditor shall, within a reasonable time after the examination of each county as provided in KRS 43.070, make a written report to the Governor, the General Assembly, the Attorney General, the state librarian, and the fiscal court and county attorney of the county examined, calling attention in specific terms to any mismanagement, misconduct, misapplication or illegal appropriation, or extravagant use of money received or disbursed by any officer of the county examined. In addition, said report shall be sent to a newspaper having general circulation in the county examined, and the letter of transmittal accompanying the report shall be

published in said newspaper in accordance with the provisions of KRS Chapter 424. All audit reports and responses shall be, subject to KRS 61.870 to 61.884, posted online in a publicly searchable format.

(3) Immediately upon completion of each audit, investigation, or review conducted under Section 21 of this Act, the ombudsman shall prepare a report of his or her findings and recommendations and furnish a copy of the report to the head of the agency to which the report pertains. The agency shall respond in writing to any adverse or critical audit findings and to any recommendations contained in the report within fifteen (15) days of receipt of the report. Within sixty (60) days of completion of the final audit, investigation, or draft report, the agency to which the report pertains shall notify the ombudsman of which recommendations have and have not been implemented and shall state in its notice to the ombudsman the reason or reasons for any failure to implement any recommendations.

(4) The Auditor shall maintain confidentiality, except when disclosure may be advisable in the Auditor's judgment to enable the office to carry out its duties and to support its recommendations.

➔Section 25. KRS 43.990 is amended to read as follows:

(1) Any officer***, employee, or contractor*** who prevents, attempts to prevent***,*** or obstructs an ***audit,*** examination***, or review*** by the Auditor ***or his or her agents***, under the provisions of ***this chapter***~~[paragraph (c) of subsection (2) of KRS 43.050, or of subsection (3) of KRS 43.050]~~, into his ***or her*** official conduct, or the conduct or condition of the office in his ***or her*** charge or with which he ***or she*** is connected~~[, except when the office constitutes a state agency,]~~ is guilty of a high misdemeanor, and, upon conviction on indictment in the Franklin Circuit Court, shall be fined five hundred dollars ($500) and removed by the Governor. Any person, other than an officer, who prevents, attempts to prevent or obstructs such an examination shall be fined one thousand dollars ($1,000).

(2) If the Auditor fails or refuses without good cause to perform the duties imposed upon him ***or her*** by KRS 43.060, he ***or she*** shall be fined not less than two hundred and fifty dollars ($250) nor more than one thousand dollars ($1,000) for each offense.

(3) Any county officer who prevents, attempts to prevent or obstructs an examination by the Auditor, under KRS 43.070, into his official conduct, or the conduct or condition of the office in his charge or with which he is connected, is guilty of a high misdemeanor, and shall, upon indictment and conviction in the Franklin Circuit Court, be fined five hundred dollars ($500). Any person, other than a county officer, who prevents, attempts to prevent or obstructs such an examination shall be fined one thousand dollars ($1,000).

(4) Any officer or other person who fails or refuses to permit the access and examination provided for in ~~[subsection (1) of]~~KRS 43.080, or who interferes with such examination, shall be fined not less than one hundred dollars ($100), or imprisoned in the county jail for not less than one (1) month nor more than twelve (12) months, or both. Each refusal by an officer ***or other person*** shall constitute a separate offense.

(5) Any person who has custody of any papers, books or records of an asylum, prison, institution for the intellectually disabled or eleemosynary institution or public works, other than a state agency, that the Auditor ***and his or her agents are***~~[is]~~ authorized to ***audit,*** examine***, or review*** under ***this chapter***~~[paragraph (c) of subsection (2) of KRS 43.050, under subsection (3) of KRS 43.050, and under subsection (2) of KRS 43.080,]~~ who fails or refuses, when called upon by the Auditor ***or his or her agents*** for that purpose, to permit him ***or her*** to inspect any of such papers, books or records, shall, upon conviction on indictment in the Franklin Circuit Court, be fined not more than five hundred dollars ($500) and be subject to removal by the Governor.

(6) Any person who refuses to be sworn when required ~~[by the Auditor]~~to be sworn for the purpose mentioned in subsection (3) of KRS 43.080 shall be fined not more than one hundred dollars ($100).

(7) Any witness called ***pursuant to***~~[by the Auditor under]~~ subsection (4) of KRS 43.080 who fails, without legal excuse, to attend or testify shall be fined not more than two hundred and fifty dollars ($250).

➔SECTION 26. A NEW SECTION OF KRS CHAPTER 43 IS CREATED TO READ AS FOLLOWS:

The Auditor of Public Accounts shall have the following organizational structure:

(1) The Office of the State Auditor;

(2) The Office of the Deputy Auditor, which shall have the following offices:

(a) Office of Local Government Audits;

(b) Office of State Government Audits and Technology;

(c) Office of Special Investigations; and

(d) Office of Quality Assurance;

(3) The Office of Planning and Management, which shall have the following divisions:

(a) Division of Information Technology Services;

(b) Division of Financial Management; and

(c) Division of Human Resource Administration;

(4) The Office of Legal and Records Services, which shall contain the Division of Records Management; and

(5) The Commonwealth Office of the Ombudsman, which shall have the following offices:

(a) Office of Citizen Services and Policy Integrity;

(b) Office of Program Performance, which shall have the following divisions:

1. Division of Quality Control; and

2. Division of Program Access Compliance;

(c) Office of Professional Integrity and Employee Development; and

(d) Office of Policy and Research.

➔SECTION 27. A NEW SECTION OF KRS CHAPTER 43 IS CREATED TO READ AS FOLLOWS:

(1) The Auditor shall require a national and state criminal background check for every prospective and current employee, including contract staff, with access to or use of federal tax information and may enroll employees and contract staff in the rap back system for continuous monitoring. The criminal background check required by this subsection shall include a fingerprint check by the Department of Kentucky State Police and the Federal Bureau of Investigation, pursuant to the following requirements:

(a) The Auditor shall require each employee and contracted staff member with access to or use of federal tax information to submit a complete and legible set of fingerprints to the Department of Kentucky State Police in the manner deemed appropriate by the Department of Kentucky State Police and the Federal Bureau of Investigation;

(b) The Department of Kentucky State Police shall submit the fingerprint card to the Federal Bureau of Investigation for a national criminal background check after a state criminal background check is conducted;

(c) The results of a national and state criminal background check shall not be distributed or otherwise released by the Auditor, except that the Auditor:

1. Shall provide an employee with the results of his or her national and state criminal background check upon request; and

2. May introduce the results, under seal, as evidence in a legal proceeding that involves a challenge to any personnel action taken by the Auditor based in whole or in part on information contained in the results; and

(d) Any fee charged by the Department of Kentucky State Police or for the Federal Bureau of Investigation background check or enrollment in the rap back system shall be an amount no greater than the actual cost of processing the request and conducting the background check.

(2) The Auditor shall promulgate administrative regulations in accordance with KRS Chapter 13A to implement this section.

➔SECTION 28. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO READ AS FOLLOWS:

(1) The cabinet and any of its departments, divisions, offices, boards, commissions, and any other organizational unit whether incorporated or attached that maintains a generally accessible website or for which a generally accessible website is maintained shall include the following at the top of the webpage and in a manner approved by the Commonwealth Office of the Ombudsman:

(a) A link to the website of the Commonwealth Office of the Ombudsman;

(b) The telephone number for the Commonwealth Office of the Ombudsman; and

(c) An email address for the Commonwealth Office of the Ombudsman.

(2) The cabinet shall provide the Commonwealth Office of the Ombudsman with read-only access to any group email inboxes where complaints are received so that the Commonwealth Office of the Ombudsman may assist individuals with their complaints.

➔Section 29. KRS 209.140 is amended to read as follows:

(1) All information obtained by the department staff or its delegated representative, as a result of an investigation made pursuant to this chapter, shall not be divulged to anyone except:

(a) ~~[(1)]~~ Persons suspected of abuse or neglect or exploitation, provided that in such cases names of informants may be withheld, unless ordered by the court;

(b) ~~[(2)]~~ Persons within the department or cabinet with a legitimate interest or responsibility related to the case;

(c) ~~[(3)]~~ Other medical, psychological, or social service agencies, or law enforcement agencies that have a legitimate interest in the case;

(d) ~~[(4)]~~ Cases where a court orders release of such information;~~[and]~~

(e) ~~[(5)]~~ The alleged abused or neglected or exploited person***; and***

(f) The Commonwealth Office of the Ombudsman established pursuant to Section 21 of this Act.

(2) This section shall not be interpreted as prohibiting the Commonwealth Office of the Ombudsman from reporting pursuant to Section 21 of this Act on de-identified information made confidential by this section.

➔Section 30. KRS 620.050 is amended to read as follows:

(1) Anyone acting upon reasonable cause in the making of a report or acting under KRS 620.030 to 620.050 in good faith shall have immunity from any liability, civil or criminal, that might otherwise be incurred or imposed. Any such participant shall have the same immunity with respect to participation in any judicial proceeding resulting from such report or action. However, any person who knowingly makes a false report and does so with malice shall be guilty of a Class A misdemeanor.

(2) Any employee or designated agent of a children's advocacy center shall be immune from any civil liability arising from performance within the scope of the person's duties as provided in KRS 620.030 to 620.050. Any such person shall have the same immunity with respect to participation in any judicial proceeding. Nothing in this subsection shall limit liability for negligence. Upon the request of an employee or designated agent of a children's advocacy center, the Attorney General shall provide for the defense of any civil action brought against the employee or designated agent as provided under KRS 12.211 to 12.215.

(3) Neither the husband-wife nor any professional-client/patient privilege, except the attorney-client and clergy-penitent privilege, shall be a ground for refusing to report under this section or for excluding evidence regarding a dependent, neglected, or abused child or the cause thereof, in any judicial proceedings resulting from a report pursuant to this section. This subsection shall also apply in any criminal proceeding in District or Circuit Court regarding a dependent, neglected, or abused child.

(4) Upon receipt of a report of an abused, neglected, or dependent child pursuant to this chapter, the cabinet as the designated agency or its delegated representative shall initiate a prompt investigation or assessment of family needs, take necessary action, and shall offer protective services toward safeguarding the welfare of the child. The cabinet shall work toward preventing further dependency, neglect, or abuse of the child or any other child under the same care, and preserve and strengthen family life, where possible, by enhancing parental capacity for adequate child care. If an oral or written report, including but not limited to electronic submissions, alleging that a child is dependent, neglected, or abused is made pursuant to this section, and the cabinet determines that the report does not meet criteria for an investigation, the cabinet shall refer the family to appropriate community-based child and family service agencies for services to preserve and strengthen family life in accordance with the requirements in 42 U.S.C. sec. 5106a.

(5) The report of suspected child abuse, neglect, or dependency and all information obtained by the cabinet or its delegated representative, as a result of an investigation or assessment made pursuant to this chapter, except for those records provided for in subsection (6) of this section, shall not be divulged to anyone except:

(a) Persons suspected of causing dependency, neglect, or abuse;

(b) The custodial parent or legal guardian of the child alleged to be dependent, neglected, or abused;

(c) Persons within the cabinet with a legitimate interest or responsibility related to the case;

(d) A licensed child-caring facility or child-placing agency evaluating placement for or serving a child who is believed to be the victim of an abuse, neglect, or dependency report;

(e) Other medical, psychological, educational, or social service agencies, child care administrators, corrections personnel, or law enforcement agencies, including the county attorney's office, the coroner, and the local child fatality response team, that have a legitimate interest in the case;

(f) A noncustodial parent when the dependency, neglect, or abuse is substantiated;

(g) Members of multidisciplinary teams as defined by KRS 620.020 and which operate pursuant to KRS 431.600;

(h) Employees or designated agents of a children's advocacy center;

(i) Those persons so authorized by court order;~~[or]~~

(j) The external child fatality and near fatality review panel established by KRS 620.055***; or***

(k) The Commonwealth Office of the Ombudsman established pursuant to Section 21 of this Act.

(6) (a) Files, reports, notes, photographs, records, electronic and other communications, and working papers used or developed by a children's advocacy center in providing services under this chapter are confidential and shall not be disclosed except to the following persons:

1. Staff employed by the cabinet, law enforcement officers, and Commonwealth's and county attorneys who are directly involved in the investigation or prosecution of the case, including a cabinet investigation or assessment of child abuse, neglect, and dependency in accordance with this chapter;

2. Medical and mental health professionals listed by name in a release of information signed by the guardian of the child, provided that the information shared is limited to that necessary to promote the physical or psychological health of the child or to treat the child for abuse-related symptoms;

3. The court and those persons so authorized by a court order;

4. The external child fatality and near fatality review panel established by KRS 620.055;

5. The Commonwealth Office of the Ombudsman established pursuant to Section 21 of this Act; and

6.~~[5.]~~ The parties to an administrative hearing conducted by the cabinet or its designee in accordance with KRS Chapter 13B in an appeal of a cabinet-substantiated finding of abuse or neglect. The children's advocacy center may, in its sole discretion, provide testimony in lieu of files, reports, notes, photographs, records, electronic and other communications, and working papers used or developed by the center if the center determines that the release poses a threat to the safety or well-being of the child, or would be in the best interests of the child. Following the administrative hearing and any judicial review, the parties to the administrative hearing shall return all files, reports, notes, photographs, records, electronic and other communications, and working papers used or developed by the children's advocacy center to the center.

(b) The provisions of this subsection shall not be construed as to contravene the Rules of Criminal Procedure relating to discovery.

(7) Nothing in this section shall prohibit a parent or guardian from accessing records for his or her child providing that the parent or guardian is not currently under investigation by a law enforcement agency or the cabinet relating to the abuse or neglect of a child.

(8) Nothing in this section shall prohibit employees or designated agents of a children's advocacy center from disclosing information during a multidisciplinary team review of a child sexual abuse case as set forth under KRS 620.040. Persons receiving this information shall sign a confidentiality statement consistent with statutory prohibitions on disclosure of this information.

(9) Employees or designated agents of a children's advocacy center may confirm to another children's advocacy center that a child has been seen for services. If an information release has been signed by the guardian of the child, a children's advocacy center may disclose relevant information to another children's advocacy center.

(10) (a) An interview of a child recorded at a children's advocacy center shall not be duplicated, except that the Commonwealth's or county attorney prosecuting the case may:

1. Make and retain one (1) copy of the interview; and

2. Make one (1) copy for the defendant's or respondent's counsel that the defendant's or respondent's counsel shall not duplicate.

(b) The defendant's or respondent's counsel shall file the copy with the court clerk at the close of the case.

(c) Unless objected to by the victim or victims, the court, on its own motion, or on motion of the attorney for the Commonwealth shall order all recorded interviews that are introduced into evidence or are in the possession of the children's advocacy center, law enforcement, the prosecution, or the court to be sealed.

(d) The provisions of this subsection shall not be construed as to contravene the Rules of Criminal Procedure relating to discovery.

(11) Identifying information concerning the individual initiating the report under KRS 620.030 shall not be disclosed except:

(a) To law enforcement officials that have a legitimate interest in the case;

(b) To the agency designated by the cabinet to investigate or assess the report;

(c) To members of multidisciplinary teams as defined by KRS 620.020 that operated under KRS 431.600;

(d) Under a court order, after the court has conducted an in camera review of the record of the state related to the report and has found reasonable cause to believe that the reporter knowingly made a false report; or

(e) The external child fatality and near fatality review panel established by KRS 620.055.

(12) (a) Information may be publicly disclosed by the cabinet in a case where child abuse or neglect has resulted in a child fatality or near fatality.

(b) The cabinet shall conduct an internal review of any case where child abuse or neglect has resulted in a child fatality or near fatality and the cabinet had prior involvement with the child or family. The cabinet shall prepare a summary that includes an account of:

1. The cabinet's actions and any policy or personnel changes taken or to be taken, including the results of appeals, as a result of the findings from the internal review; and

2. Any cooperation, assistance, or information from any agency of the state or any other agency, institution, or facility providing services to the child or family that were requested and received by the cabinet during the investigation of a child fatality or near fatality.

(c) The cabinet shall submit a report by September 1 of each year containing an analysis of all summaries of internal reviews occurring during the previous year and an analysis of historical trends to the Governor, the General Assembly, and the state child fatality review team created under KRS 211.684.

(13) When an adult who is the subject of information made confidential by subsection (5) of this section publicly reveals or causes to be revealed any significant part of the confidential matter or information, the confidentiality afforded by subsection (5) of this section is presumed voluntarily waived, and confidential information and records about the person making or causing the public disclosure, not already disclosed but related to the information made public, may be disclosed if disclosure is in the best interest of the child or is necessary for the administration of the cabinet's duties under this chapter.

(14) As a result of any report of suspected child abuse or neglect, photographs and X-rays or other appropriate medical diagnostic procedures may be taken or caused to be taken, without the consent of the parent or other person exercising custodial control or supervision of the child, as a part of the medical evaluation or investigation of these reports. These photographs and X-rays or results of other medical diagnostic procedures may be introduced into evidence in any subsequent judicial proceedings or an administrative hearing conducted by the cabinet or its designee in accordance with KRS Chapter 13B in an appeal of a cabinet-substantiated finding of child abuse or neglect. The person performing the diagnostic procedures or taking photographs or X-rays shall be immune from criminal or civil liability for having performed the act. Nothing herein shall limit liability for negligence.

(15) In accordance with 42 U.S.C. sec. 671, the cabinet shall share information about a child in the custody of the cabinet with a relative or a parent of the child's sibling for the purposes of:

(a) Evaluating or arranging a placement for the child;

(b) Arranging appropriate treatment services for the child; or

(c) Establishing visitation between the child and a relative, including a sibling of the child.

(16) In accordance with 42 U.S.C. sec. 671, the cabinet shall, in the case of siblings removed from their home who are not jointly placed, provide for frequent visitation or other ongoing interaction between the siblings, unless the cabinet determines that frequent visitation or other ongoing interaction would be contrary to the safety or well-being of any of the siblings.

(17) This section shall not be interpreted as prohibiting the Commonwealth Office of the Ombudsman from reporting pursuant to Section 21 of this Act on de-identified information made confidential by this section.

➔Section 31. The Cabinet for Health and Family Services is hereby directed to immediately transfer control of the telephone number 800-372-2973 to the Commonwealth Office of the Ombudsman, and the Cabinet for Health and Family Services shall bear all costs incurred by any party in effectuating this transfer.

~~**[➔SECTION 32. A NEW SECTION OF KRS CHAPTER 11 IS CREATED TO READ AS FOLLOWS:~~

~~*(1) To facilitate the requirement in Section 88 of the Constitution of Kentucky that every bill which has passed both houses of the General Assembly be presented to the Governor, the Governor shall maintain an office for the receipt of bills that is open during any period of time in which either the Senate or the House of Representatives, or both, are in session and for at least thirty (30) minutes following adjournment of both houses of the General Assembly.*~~

~~*(2) During periods when the General Assembly conducts a Regular or Extraordinary Session in the New State Capitol, the Governor shall maintain an office for the receipt of bills that is located no further from the chambers of the Senate and House of Representatives than the center of the first floor of the New State Capitol.*~~

~~*(3) During periods when the General Assembly conducts a Regular or Extraordinary Session in any building other than the New State Capitol, not including any legislative day conducted in the Old State Capitol, the Governor shall maintain an office for the receipt of bills that is located:*~~

~~*(a) In a space within the building in which the General Assembly conducts its session, pursuant to a written agreement between the Governor and the Legislative Research Commission for the use of space within the building; or*~~

~~*(b) In an office or building located no further than one hundred (100) yards from either the front or rear entrance of the building in which the General Assembly conducts its session.*~~

~~*(4) If the Governor fails to maintain an office for the receipt of bills consistent with this section, then the Clerk of the Senate or the Clerk of the House of Representatives may present any bill that has passed both houses of the General Assembly to the Governor in any manner designed to give notice to the Governor of the passage and enrollment of the bill, including but not limited to:*~~

~~*(a) Delivering a copy of the bill to any state employee in any office or building in the control of the Executive Branch of State Government, or, if no employee is available to receive the bill or if the office or building is closed, by leaving a copy of the bill at the door of the office or building;*~~

~~*(b) Depositing a copy of the bill in a locked drop box outside of the building in which the General Assembly conducts a Regular or Extraordinary Session and providing a key to the drop box to the Governor; or*~~

~~*(c) Sending a copy of the bill to the Governor by electronic mail.*~~

~~*(5) Any bill delivered, deposited, or sent to the Governor in a place or manner consistent with this section shall be deemed presented, consistent with Section 88 of the Constitution of Kentucky, at the time it is delivered, deposited, or sent.*~~**]***

➔SECTION 33. A NEW SECTION OF KRS CHAPTER 27A IS CREATED TO READ AS FOLLOWS:

(1) There is hereby established in the State Treasury a trust and agency account to be known as the Court of Justice reserve account. The fund shall consist of moneys appropriated by the General Assembly.

(2) The fund shall be administered by the Administrative Office of the Courts.

(3) Notwithstanding KRS 45.229, fund amounts not expended at the close of the fiscal year shall not lapse but shall be carried forward into the next fiscal year.

(4) Notwithstanding KRS 48.630, no expenditures shall be made from this account unless appropriated by the General Assembly.

➔Section 34. (1) Notwithstanding 2024 Ky. Acts ch. 148, sec. 1, Part I, A., 1., a., (1), KRS 27A.090, 31A.010, 42.320, 48.010, 48.110, 48.195, 186.440, 186.531, 186.574, 237.110, 431.073, 431.078, 533.030, and 533.250, and any other statute to the contrary, $34,500,000 in Restricted Funds in fiscal year 2024-2025 shall be transferred from various funds of the Court of Justice to the Court of Justice Reserve Account.

(2) There is hereby appropriated Restricted Funds in the amount of $3,200,000 in fiscal year 2024-2025 from the Court of Justice Reserve Account to the Court Operations and Administration budget unit to purchase and renovate real estate in Franklin County. Notwithstanding KRS 45.229, any portion of these funds that have not been expended by the end of fiscal year 2024-2025 shall not lapse and shall carry forward into fiscal year 2025-2026.

➔Section 35. KRS 45.812 is amended to read as follows:

(1) ***(a)*** Prior to the issuance of the ***general obligation bonds,*** revenue bonds***,*** or notes authorized by an appropriation of the General Assembly, or by or on behalf of any Kentucky school district, the agency, corporation, or school district authorized to issue the bonds or notes shall furnish to the Capital Projects and Bond Oversight Committee and the Interim Joint Committee on Appropriations and Revenue, and make available to the public, a listing of all costs associated, either directly or indirectly, with the issuance of the ***general obligation bonds,*** revenue bonds***,*** or notes.

(b) The costs shall be itemized as to amount and name of payee, and shall include fees or commissions paid to, or anticipated to be paid to, issuers, underwriters, placement agents and advisors, financial advisors, remarketing agents, credit enhancers, trustees, accountants, and the counsel of all these persons, bond counsel, and special tax counsel, and shall include the economic benefits received or anticipated to be received by any other persons from any source in return for services performed relating to the issuance of the bonds or notes.

(c) Changes in amounts or names of payees or recipients, or additions of amounts or names of payees or recipients, to the listing furnished and made available pursuant to this subsection, shall be furnished to the Capital Projects and Bond Oversight Committee and the Interim Joint Committee on Appropriations and Revenue and made available to the public within three (3) days following the change.

(2) The costs required to be furnished under the provisions of subsection (1) of this section shall not include the payment of wages or expenses to full-time, permanent employees of the Commonwealth of Kentucky.

➔SECTION 36. A NEW SECTION OF KRS CHAPTER 12 IS CREATED TO READ AS FOLLOWS:

Each department and program cabinet identified in KRS 12.020 shall submit a report to the Legislative Research Commission on or before June 30 and November 30 of each year that provides suggestions for improved government efficiency. The report shall include:

(1) Cost-saving measures that the department or program cabinet could implement;

(2) Tasks or functions each department or program cabinet performs that could be considered for elimination; and

(3) Staff positions that could be eliminated or converted into new positions to serve a different function where additional personnel are needed.

➔Section 37. 2024 Kentucky Acts Chapter 173, Section 1, at pages 1756 to 1769, as amended by 2024 Kentucky Acts Chapter 223, at pages 2343 to 2347, is amended to read as follows:

Notwithstanding KRS 141.020(2)(a)2., the appropriations contained in this section are supported solely by funds from the Budget Reserve Trust Fund Account established by KRS 48.705 and shall not be identified as GF appropriations when certifying the reduction conditions pursuant to KRS 141.020(2)(a)5. and (d)2. to 5.

There is hereby appropriated General Fund moneys in the amount of $203,500,000 in fiscal year 2023-2024, ***$1,515,700,400*** ~~[$1,517,150,400]~~ in fiscal year 2024-2025, and ***$1,016,002,900*** ~~[$1,018,952,900]~~ in fiscal year 2025-2026 from the Budget Reserve Trust Fund Account established by KRS 48.705 to support the following one-time appropriations:

(1) $100,000 in each fiscal year to the Department of Military Affairs budget unit to be distributed to the Kentucky Air National Guard to provide care for the special tactics squadron canines;

(2) $1,000,000 in fiscal year 2024-2025 to the Department of Veterans' Affairs budget unit to be distributed to Kentucky Valor to support services to veterans;

(3) $750,000 in each fiscal year to the Department of Veterans' Affairs budget unit to be distributed to HBOT for Kentucky Vets to support hyperbaric oxygen treatment services to veterans;

(4) $75,000,000 in each fiscal year to the Kentucky Infrastructure Authority budget unit to support the Kentucky WWATERS program or the Emergency Kentucky Water or Wastewater Assistance for Troubled or Economically Restrained Systems Fund;

(5) $5,000,000 in each fiscal year to the Kentucky Infrastructure Authority budget unit to be distributed to the Crittenden-Livingston County Water District to support expansion of capacities to support regional needs;

(6) $13,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Guthrie to support construction of a wastewater treatment center;

(7) $2,500,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Adairville to support construction of a wastewater treatment center;

(8) $3,900,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Lewisburg to support construction of a wastewater treatment processing center and water lines;

(9) $1,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Edmonson County Water District to support the installation of a water line and booster pumping station;

(10) $3,500,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Edmonson County Water District to support operations and federal matching dollars if federal funds become available;

(11) $2,500,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Allen County Water District to support water mains that will loop into the Highway 101 service area;

(12) $2,800,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Franklin County Fiscal Court to support the Forks of Elkhorn sanitary sewer extension;

(13) $18,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Gateway Area Development District to support a regional water project;

(14) $1,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Albany to support reduction of water loss;

(15) $1,933,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Booneville to support the Booneville Water Line Replacement Phase 3 project;

(16) $681,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Martin County Water and Sanitation District to support the purchase and installation of a water tank;

(17) $2,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Martin County Water and Sanitation District to support the purchase and installation of water meters;

(18) $2,600,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Evarts to support a new water storage tank, clear well, and water line replacement;

(19) $3,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Jenkins to extend water and sewer infrastructure to the Raven Rock Resort;

(20) $5,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Beattyville for water and sewer expansion near the Red River Gorge;

(21) $5,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Campton for water and sewer expansion near the Red River Gorge;

(22) $2,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Stanton for water and sewer expansion near the Red River Gorge;

(23) $1,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Powell Valley Water District for water and sewer expansion near the Red River Gorge;

(24) $2,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Beech Fork Water Commission for water and sewer expansion near the Red River Gorge;

(25) $1,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to Booneville Water and Sewer District for a water telemetry system;

(26) $2,500,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to Jackson County Water Association for expansion of water lines;

(27) $5,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Jackson County Water Association for extension of a 10-inch water line along KY Highway 30;

(28) $3,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Williamsburg for water and wastewater extensions to the Kentucky Splash Campground and surrounding areas;

(29) $3,500,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Corbin Utilities Commission for sewer line extensions;

(30) $1,400,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Corbin Utilities Commission for KY-1232 sewer extension;

(31) $1,100,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Knox County Fiscal Court for replacement of the Stinking Creek water tank;

(32) $650,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Knox County Fiscal Court for rehabilitation of the water tank at the Tri-County Industrial Park;

(33) $800,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Barbourville for replacement of the Canon Water Tank;

(34) $2,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Manchester for emergency repair of the water intake;

(35) $8,500,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Woodford County Fiscal Court to support a wastewater project in the community of Millville in conjunction with the City of Frankfort;

(36) $1,500,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Springfield to expand the Springfield Wastewater Treatment Plant;

(37) $10,050,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Spencer County Fiscal Court to update the wastewater treatment facility in conjunction with the Spencer County Sanitation District;

(38) $25,618,500 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Maysville to support the Maysville Long-Term Control Plan;

(39) $15,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Guthrie to support the Guthrie Wastewater Treatment Plant;

(40) $5,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the Sanitation District 1 of Northern Kentucky to support consent decree remediation;

(41) $500,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Taylor Mill to study sewer expansion on Locust Pike;

(42) $2,500,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Adairville to construct a wastewater treatment center;

(43) $3,900,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Lewisburg to construct water lines and a wastewater treatment center;

(44) $7,000,000 in fiscal year 2024-2025 to the Kentucky Infrastructure Authority budget unit to be distributed to the City of Georgetown for various water and wastewater infrastructure projects for Georgetown Municipal Water and Sewer Service;

(45) $50,000,000 in each fiscal year to the Department for Local Government budget unit to be distributed to Louisville Metro Government and allocated at the sole discretion of its Economic Development Department for the revitalization of downtown Louisville to include these projects:

(a) The Belvedere;

(b) Community Care Campus;

(c) LOUMED Campus;

(d) Louisville Gardens;

(e) Downtown Vacant Buildings Revitalization; and

(f) Butchertown Sports District;

(46) $10,300,000 in fiscal year 2024-2025 and $1,700,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the Pikeville Medical Center for the upgrades of the facilities to include these projects:

(a) Expansion of the psychiatric and mental health ward;

(b) Renovation of the intensive care unit;

(c) Renovation of the obstetrics/labor/delivery ward; and

(d) Renovation of the obstetrics operating room;

(47) $10,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Lexington-Fayette Urban County Government to support Lexington's Transformational Housing Affordability Partnership;

(48) $12,500,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the City of Ashland to construct a new conference center complex;

(49) $6,000,000 in each fiscal year to the Department for Local Government budget unit to be distributed to Appalachian Regional Healthcare to construct a cancer treatment center in the City of Middlesboro;

(50) $10,000,000 in fiscal year 2024-2025 and $115,000,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the Kenton County Fiscal Court and deployed through the Northern Kentucky Port Authority to plan, design, and construct a Commonwealth Center for Biomedical Excellence in the City of Covington in partnership with Northern Kentucky University and the University of Kentucky;

(51) $500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Hickman County Fiscal Court to support upgrades and enhancements to the park;

(52) $1,000,000 in fiscal year 2024-2025 and $500,000 in fiscal year 2025-2026 to the Attorney General budget unit to create an electric reliability defense program;

(53) $500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Kevil to support upgrades and enhancements for the Kevil Fire Station;

(54) $725,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Carlisle County Fiscal Court to support upgrades and enhancements to the park;

(55) $1,000,000 in fiscal year 2024-2025 and $750,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the Cayce Fire Department to support facility upgrades and enhancements;

(56) $500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Mayfield to support the demolition and removal of the Hall's Hotel;

(57) $2,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Kuttawa Fire Department to support enhancements to the station;

(58) $1,700,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the Marshall County Fiscal Court to install a package wastewater treatment plant at the Aurora Wastewater Treatment Plant;

(59) $1,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Caldwell County Fiscal Court to support a roof repair at the Caldwell County Courthouse;

(60) $330,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the YMCA of Owensboro to support ongoing operations and additional programming;

(61) $500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Family Wellness Center - Ohio County to support a new pool filtration system;

(62) $3,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Logan County Fiscal Court to support upgrades and equipment for county and city parks;

(63) $1,750,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Todd County Fiscal Court to support upgrades and equipment for county and city parks and the high school technology center;

(64) $500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Crofton to support upgrades and equipment for the city park;

(65) $250,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Core of Scottsville and Allen County, Inc. to support the construction of a community center;

(66) $2,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the T.J. Samson Community Hospital to support the build out of the third floor pavilion;

(67) $4,300,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Louisville Orchestra to support ongoing operations and programming;

(68) $400,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the Kentucky Science Center to support ongoing operations and program enhancements;

(69) $5,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the National Society of the Sons of the American Revolution to support the education center and museum;

(70) $2,500,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the Kentucky College of Arts and Design to support ongoing operations and programming;

(71) $4,550,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the City of Campbellsville to support raw and finished water transmission upgrades;

(72) $4,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Monticello to support economic development initiatives;

(73) $4,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Bluegrass Land Conservancy to provide the match for a federal grant;

(74) $2,500,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the City of Fort Thomas to support the Tower Park Community Complex project;

(75) $1,000,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the City of Berea to support the Kenway Street expansion;

(76) $2,367,000 in fiscal year 2024-2025 and $2,300,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the Rockcastle County Fiscal Court to support a recreational complex;

(77) $3,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Bourbon County Fiscal Court to support the development of a community park;

(78) $1,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Paris to support the transfer station relocation;

(79) $3,000,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the Clark County Fiscal Court to support a water project;

(80) $1,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Nicholas County Fiscal Court to support the purchase and installation of an industrial fire pumper;

(81) $300,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to Compose Arts to support Thy Will Be Done Productions statewide;

(82) $3,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Russell County Fiscal Court to support the Russell County Library Community Development Center project;

(83) $1,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Owsley County Fiscal Court to support the Sturgeon Creek Bridge project;

(84) $2,400,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Knox County Fiscal Court to support the Knox County Sports Complex project;

(85) $1,000,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the City of Pineville to support construction, renovation, and water expansion of the Pineville Courthouse Square;

(86) $4,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Jackson County Fiscal Court to support the Jackson County Park development project;

(87) $3,400,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Leslie County Fiscal Court to support a gas line project;

(88) $3,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Knott County Fiscal Court to support a water project;

(89) $3,800,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Harlan County Fiscal Court to support the Harlan County Wellness and Recreation Center;

(90) $500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Greenup County Fiscal Court to support the purchase of ambulances and the renovation of the Emergency Management Services headquarters and training facility;

(91) $10,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Russell County Fiscal Court to support a hospital expansion;

(92) $3,500,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the Louisville Metro Government for Louisville Parks and Recreation to support the Shawnee Outdoor Learning Center;

(93) $500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to Mercy Chefs, Inc. to support expansion of services in Kentucky;

(94) $135,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of McDaniels for a community ballpark project;

(95) $850,000 in fiscal year 2024-2025 to the Department of Parks budget unit for the restoration of the Dye House on the grounds of the Perryville Battlefield State Historic Site;

(96) $11,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Mercer County Fiscal Court for the Wilkinson Farm Mega Site;

(97) $1,100,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Owensboro Museum of Science and History for building infrastructure;

(98) $500,000 in each fiscal year to the Department for Local Government budget unit to be distributed to Partners for Rural Impact to secure federal grant funding;

(99) $50,000 in each fiscal year to the Department for Local Government budget unit to be distributed to Ballard County Fiscal Court to support the Ballard-Carlisle County Public Library;

(100) $1,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Lincoln High School Historical Foundation in Paducah for a civic center project;

(101) $1,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Elizabethtown for the Elizabethtown Parks and Trails Conservancy;

(102) $3,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Menifee County Fiscal Court for new athletic fields at the Menifee County Community Park;

(103) $2,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Bath County Fiscal Court for youth baseball fields;

(104) $500,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the Harlan County Fiscal Court for Backroads of Appalachia;

(105) $1,500,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the Pulaski County Fiscal Court for the Connect Community Village;

(106) $8,000,000 in fiscal year 2024-2025 and $500,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the **~~[Lake Cumberland Area Development District]~~** **~~[]~~Center for Rural Development~~[]~~** for a regional training center **~~[]~~in collaboration with the Lake Cumberland Area Development District~~[]~~**;

(107) $150,000 in fiscal year 2024-2025 and $350,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the Taylor County Fiscal Court for rural economic development initiatives in conjunction with Campbellsville University;

(108) $1,265,500 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Washington County Fiscal Court for natural gas infrastructure upgrades;

(109) $1,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Murray to purchase a firetruck;

(110) $6,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Kenton County Fiscal Court for SparkHaus;

(111) $5,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Kenton County Fiscal Court for Brownfield site readiness;

(112) $60,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Breckenridge County Fiscal Court for the Joseph Holt Home;

(113) $100,000 in fiscal year 2024-2025 and $259,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the Webster County Fiscal Court for the Webster County Park Welcome Center;

(114) $150,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the Henderson County Fiscal Court for the Harbor House;

(115) $3,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to Goodwill Industries of Kentucky for the West Louisville Opportunity Center;

(116) $2,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Leslie County Fiscal Court for the Leeco Park Project;

(117) $460,000 in each fiscal year to the Department for Local Government budget unit to be distributed to Challenger Learning Center of Kentucky for STEM educational resources;

(118) $1,272,500 in fiscal year 2024-2025 and $600,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the City of Beattyville for the Radio Read Meter Replacement Project;

(119) $5,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the McCreary County Heritage Foundation for the Stearns Revitalization Project;

(120) $1,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Laurel County Fiscal Court for regional fair grounds;

(121) $150,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Kentucky Music Hall of Fame for facility upgrades;

(122) $100,000 in each fiscal year to the Department for Local Government budget unit to be distributed to The Nest in Lexington to support operations;

(123) $125,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Harlan County Fiscal Court to support construction of the KY 160 Black Mountain Roadside Overlook;

(124) $945,000 in fiscal year 2024-2025 and $925,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the Letcher County Fiscal Court to support the Fleming-Neon Rising initiative;

(125) $3,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Letcher County Fiscal Court to support the renovation of the City of Whitesburg's historic Daniel Boone Hotel;

(126) $1,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Johnson County Fiscal Court to support the operations of the eKentucky Advanced Manufacturing Institute;

(127) $2,950,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the Taylor County Fiscal Court to support the Taylor County Community Development Project;

(128) $1,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Adair County Fiscal Court to support the revitalization of the Historic Adair County Courthouse;

(129) $250,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Allen County Fiscal Court to support construction of a Community Center with the Core of Scottsville;

(130) $1,250,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Booneville for land acquisition and renovations;

(131) $1,250,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Owsley County Fiscal Court for land acquisition, reclamation, and renovations;

(132) $500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Booneville for a home development initiative;

(133) $1,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Williamsburg for the RV campground and water park;

(134) $3,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Corbin for land acquisition, construction, and renovations for a tourism initiative;

(135) $7,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Whitley County Fiscal Court for corrections-related renovations;

(136) $1,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Barbourville for the completion of the City Hall and EMS buildings;

(137) $8,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Knox County Fiscal Court land acquisition and renovations for a new county administrative office;

(138) $1,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Knox County Fiscal Court for RV park upgrades;

(139) $4,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Clay County Fiscal Court for construction of multipurpose buildings and renovations;

(140) $10,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to 1CC for land acquisition, construction, and joint projects for various economic development projects;

(141) $1,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Barren County Fiscal Court for multi-county regional projects;

(142) $1,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Hart County Fiscal Court for various projects;

(143) $2,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Green County Fiscal Court for employment stabilization and workforce development;

(144) $2,000,000 in fiscal year 2025-2026 to the Department for Local Government budget unit to be distributed to the Green County Fiscal Court for various projects;

(145) $301,400 in each fiscal year to the Department for Local Government budget unit to be distributed to the Warren County Fiscal Court for beautification of the I-65 corridor;

(146) $1,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to Shaping Our Appalachian Region for remote talent attraction;

(147) $3,500,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Paducah to complete a federally funded Build Grant project;

(148) $1,250,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the Covington Life Science Center for equipment and facilities;

(149) $500,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the City of Covington for Covington Partners for violence prevention efforts;

(150) $1,250,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the Louisville Metro Government for the Jefferson Memorial Forest;

(151) $3,750,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the Campbell County Fiscal Court for the General James Taylor Park;

(152) $11,250,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Frankfort to support construction of the Frankfort Convention Center subject to a dollar-for-dollar match;

(153) ***$1,500,000***~~[$750,000]~~ in ~~[each]~~fiscal year ***2024-2025*** to the Department for Local Government budget unit to be distributed to the Louisville Metro Government for the Grand Lyric Theater;

(154) $10,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the Jessamine County Fiscal Court to support maintenance of the High Bridge Fire House;

(155) $300,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the Jessamine County Fiscal Court to support infrastructure and utilities for the Enterprise Industrial Park;

(156) $367,500 in each fiscal year to the Department for Local Government budget unit to be distributed to the Jessamine County Fiscal Court to support various projects at the John Preece Park;

(157) $11,000,000 in each fiscal year to the Department for Local Government budget unit to be distributed to the Kentucky Cattleman's Association for the construction of the Livestock Innovation Center at the University of Kentucky C. Oran Little Research Farm;

(158) $2,350,000 in each fiscal year to the Department of Local Government budget unit to be distributed to the City of Pikeville to support various infrastructure projects at Bear Mountain;

(159) $8,500,000 in fiscal year 2024-2025 to the Department of Local Government budget unit to be distributed to the Southern Kentucky Performing Arts Center to support the addition to the building;

(160) $200,000,000 in fiscal year 2023-2024 to the Cabinet for Economic Development budget unit to support matching funds under the Government Resources Accelerating Needed Transformation Program of 2024. Of this amount, $4,000,000 shall be distributed to Grant Ready Kentucky. Notwithstanding KRS 147A.158(3)(b), no more than $2,000,000 in fiscal year 2023-2024 shall be used for administrative expenses. Notwithstanding KRS 45.229, these funds shall not lapse and shall carry forward;

(161) $100,000 in fiscal year 2024-2025 to the Department of Agriculture budget unit to distribute to the Western Kentucky State Fair to support facilities and operations;

(162) $25,000,000 in each fiscal year to the Kentucky Public Pensions Authority budget unit to be applied to the unfunded pension liability of the State Police Retirement Systems pension fund. These funds shall only be distributed on a monthly basis and shall not be distributed until the system has certified that the previous month's distribution has been invested;

(163) $50,000,000 in each fiscal year to the Kentucky Public Pensions Authority budget unit to be applied to the unfunded pension liability of the Kentucky Employees Retirement System Nonhazardous pension fund. These funds shall only be distributed on a monthly basis and shall not be distributed until the system has certified that the previous month's distribution has been invested;

(164) $40,000,000 in each fiscal year to the Teachers' Retirement System budget unit to be applied to the unfunded actuarially accrued liability of the pension fund. These funds shall only be distributed on a monthly basis and shall not be distributed until the system has certified that the previous month's distribution has been invested;

(165) $3,550,000 in each fiscal year to the School Facilities Construction Commission budget unit to be distributed to the Butler County School District to support upgrades, renovations, and enhancements to the district's facilities;

(166) $2,000,000 in fiscal year 2024-2025 to the School Facilities Construction Commission budget unit to be distributed to the Logan County School District to support technology center upgrades and equipment;

(167) $3,500,000 in each fiscal year to the School Facilities Construction Commission budget unit to be distributed to the Lincoln County School District to support upgrades, renovations, and enhancements to the district's facilities;

(168) $3,500,000 in each fiscal year to the School Facilities Construction Commission budget unit to be distributed to the Garrard County School District to support upgrades, renovations, and enhancements to the district's facilities;

(169) $7,000,000 in fiscal year 2024-2025 to the School Facilities Construction Commission budget unit to be distributed to the Christian County School District to support construction of athletic fields at the new high school location;

(170) $1,000,000 in fiscal year 2024-2025 to the School Facilities Construction Commission budget unit to be distributed to the McCreary County School District for middle school and high school campus road construction;

(171) $5,000,000 in each fiscal year to the Kentucky Rural Housing Trust Fund established in KRS 198A.744;

(172) $50,000,000 in each fiscal year to the Economic Development budget unit to support approved mega-development projects of at least $10,000,000, with an exception for certain economic development projects as recommended by the Cabinet based on unique conditions of the county where the project may occur, including but not limited to the population, per capita income, or county wages that are lower than the median for the state. These funds may be used to provide loans with the ability for forgiveness upon approval by the Secretary to support infrastructure and access to power. The Cabinet shall develop the terms and conditions of the loans and shall include requirements related to increased economic development;

(173) $50,000,000 in fiscal year 2024-2025 to the Economic Development budget unit to support the Kentucky Economic Development Finance Authority Loan Pool. ***Of this amount $30,000,000***~~[The appropriation contained in this subsection]~~ shall be used to provide funding to ***the City of Elizabethtown for the Valley Creek Treatment Expansion Project.***~~[Hardin and Warren Counties, communities experiencing significant economic development growth due to announced projects with investments exceeding $2,000,000,000 for supporting critical infrastructure improvements, such as water and sewer requirements, for continued economic development. Assistance may be in the form of a loan with the ability for forgiveness due to meeting negotiated requirements related to increased economic development for the community.]~~ ***The remaining***~~[Of this amount,]~~ $20,000,000 shall be allocated to the Intermodal Transportation Authority***, Inc. for the*** project at the Kentucky Transpark ***and surrounding areas. The funds shall be used to support communities experiencing economic development growth due to announced projects with investments exceeding $2,000,000. Assistance may be in the form of a loan with the ability for forgiveness due to meeting negotiated requirements related to increased economic development for the community***;

(174) $35,000,000 in each fiscal year to the Economic Development budget unit to support development projects. These funds shall be allocated in accordance with the Kentucky Product Development Initiative of 2024. The Cabinet for Economic Development may retain $100,000 of this appropriation for administrative expenses, including $75,000 to reimburse the Kentucky Association for Economic Development for technical support and evaluation services;

(175) $35,000,000 in fiscal year 2024-2025 to the Economic Development budget unit to support capital improvements at Kentucky Commercial Airports in the following allocations:

(a) $5,000,000 for the Bluegrass Airport;

(b) $5,000,000 for the Louisville Muhammad Ali International Airport;

(c) $20,000,000 for the Cincinnati/Northern Kentucky International Airport;

(d) $2,500,000 for the Barkley Regional Airport; and

(e) $2,500,000 for the Owensboro-Daviess County Regional Airport;

(176) $25,000,000 in fiscal year 2025-2026 to the Economic Development budget unit to be distributed to the Shelby County Fiscal Court to support economic development for an energy development project. The funds shall be contingent on the approval by the 2025 General Assembly;

(177) $62,000,000 in fiscal year 2024-2025 to the Economic Development budget unit to be distributed to RGL Regional Industrial Development Authority for the purchase of real property. The land shall be used only for purposes approved by the Cabinet for Economic Development and the Kentucky Economic Development Finance Authority;

(178) $1,364,000 in fiscal year 2024-2025 to the Economic Development budget unit to be distributed to the Bell County Fiscal Court to support the development of the industrial park;

(179) $10,000,000 in fiscal year 2024-2025 to the Economic Development budget unit to be allocated to the Leitchfield-Grayson County Airport to purchase acreage for the expansion of runways to promote economic growth;

(180) $2,000,000 in each fiscal year to the Economic Development budget unit to be allocated to the Louisville Botanical Gardens;

(181) $2,500,000 in fiscal year 2024-2025 to the Operations and Support Services budget unit in the Department of Education to purchase automated external defibrillators for public schools;

(182) $500,000 in each fiscal year to the General Administration and Support budget unit in the Education and Labor Cabinet to be distributed to the Boys & Girls Clubs Kentucky Alliance to support workforce readiness and academic programs;

(183) $2,000,000 in fiscal year 2024-2025 to the Kentucky Heritage Land Conservation Fund established by KRS 146.570;

(184) $1,000,000 in each fiscal year to the General Operations budget unit in Libraries and Archives to be distributed to the Louisville Free Public Library to support enhancements and operations at the Fern Creek Library;

(185) $10,000,000 in each fiscal year to the Workforce Development budget unit to be distributed to Kentuckiana Works to support workforce development programming;

(186) $62,000,000 in fiscal year 2024-2025 to the Medicaid Benefits budget unit to support ongoing needs of the Medicaid benefits program;

(187) $10,000,000 in each fiscal year to the Behavioral Health, Developmental and Intellectual Disabilities budget unit to be distributed to the Barren River Area Development District to develop and implement a regional substance use disorder services pilot program as provided in paragraphs (a) to (d) of this subsection. The pilot program shall:

(a) Provide substance use treatment services;

(b) Have a regional focus encompassing the counties included in the BRADD service region;

(c) Include the appropriate organizations and entities involved in the delivery of substance use disorder stabilization and treatment services in the region; and

(d) Assess community needs and available resources for substance use prevention and treatment services in the region.

The Barren River Area Development District shall hold no less than four meetings during the 2024-2025 fiscal year in the affected communities to allow for public input and comment on the construction of any facilities and services to be offered using the funds appropriated in this subsection. No more than $500,000 of appropriated funds may be used to support the facilitation of the public community meetings. BRADD shall provide a report on the outcomes of the pilot project including the number of individuals served, the types and number of community partners, the types and location of services provided, any capital constructions projects included in the pilot program, and expenditures to the Interim Joint Committee on Appropriations and Revenue by December 1 of each fiscal year;

(188) $450,000 in fiscal year 2024-2025 to the Behavioral Health, Developmental and Intellectual Disabilities budget unit to be distributed to the Wendell Foster Aquatic Therapy Center to support aquatic therapy services for individuals with intellectual and development disabilities;

(189) $1,000,000 in fiscal year 2024-2025 to the Department for Behavioral Health, Developmental, and Intellectual Disabilities budget unit to be distributed to the Daviess County Fiscal Court for the Friends of Sinners Men's Facility;

(190) $1,500,000 in fiscal year 2024-2025 and $1,000,000 in fiscal year 2025-2026 to the Department for Behavioral Health, Developmental, and Intellectual Disabilities budget unit to be Mountain Comprehensive Health Corporation for the Transitioning from Recovery to Society program;

(191) $30,000,000 in fiscal year 2025-2026 to the Community Based Services budget unit to be distributed to the Home of the Innocents for the expansion of the Kosair for Kids Complex Care Center. The funds shall not be distributed unless an equal match is provided by the Home of the Innocents;

(192) $6,000,000 in each fiscal year to the Community Based Services budget unit to be distributed to the Life Learning Center to support an integrated pathway to treatment, rehabilitation, and community reintegration ~~[in partnership with Odyssey, Inc.]~~;

(193) $500,000 in fiscal year 2024-2025 to the Community Based Services budget unit to be distributed to Prevent Child Abuse Kentucky to support ongoing operations;

(194) $500,000 in fiscal year 2024-2025 to the Department for Community Based Services to be distributed to Prevent Child Abuse Kentucky to support the Upstream Academy;

(195) $1,500,000 in fiscal year 2024-2025 to the Community Based Services budget unit to be distributed to Buckhorn Children and Family Services to support ongoing operations;

(196) $1,000,000 in each fiscal year to the Community Based Services budget unit to be distributed to Ramey Estep Homes to support ongoing operations;

(197) $6,000,000 in fiscal year 2024-2025 to the Community Based Services budget unit to be distributed to the Children's Home of Northern Kentucky to support ongoing operations;

(198) $4,000,000 in fiscal year 2024-2025 to the Department for Community Based Services budget unit to support campus completion for the Harbor House of Louisville;

(199) $2,000,000 in each fiscal year to the Kentucky Pediatric Cancer Research Trust Fund established in KRS 211.595 to support the families of Kentucky's pediatric cancer patients;

(200) $1,250,000 in each fiscal year to the Justice Administration budget unit to be distributed to Operation UNITE to support ongoing operations;

(201) $8,000,000 in each fiscal year to the Council on Postsecondary Education budget unit to be distributed to Appalachian Regional Healthcare to establish a psychiatric residency program to serve eastern Kentucky;

(202) $12,500,000 in each fiscal year to the Eastern Kentucky University budget unit to support the aviation program;

(203) $5,000,000 in fiscal year 2024-2025 to the Eastern Kentucky University budget unit for the Eastern Scholar House Program expansion;

(204) $2,500,000 in fiscal year 2025-2026 to the Morehead State University budget unit for the advancement, development, and implementation of new space science satellites for the University's space science program;

(205) $10,000,000 in fiscal year 2025-2026 to the Murray State University budget unit for construction, renovation, and operations for the University's cybersecurity program;

(206) $10,000,000 in fiscal year 2024-2025 and $50,000,000 in fiscal year 2025-2026 to the Murray State University budget unit to construct a facility for the veterinary technician program;

(207) $20,000,000 in each fiscal year to the University of Kentucky budget unit to be invested as a quasi-endowment by the University. The interest earned on the investment shall be used for the Center for Applied Energy Research's administration and support of the Kentucky Nuclear Energy Development Authority and the Energy Planning and Inventory Commission;

(208) $12,500,000 in each fiscal year to the University of Louisville budget unit to be distributed to the University of Louisville Health System for cancer care, research, screening, and educational programs at the Center for Rural Cancer Education and Research;

(209) $10,000,000 in fiscal year 2025-2026 to the University of Louisville budget unit to support construction, renovation, and operations for the University's cybersecurity program;

(210) $5,300,000 in each fiscal year to the University of Louisville budget unit for the Kentucky Manufacturing Extension Partnership;

(211) $900,000 in fiscal year 2024-2025 to the University of Louisville budget unit to be distributed to the Rural Dental Outreach Program;

(212) $10,000,000 in fiscal year 2025-2026 to the Western Kentucky University budget unit to support operations for the University's Innovation Campus program;

~~[(213) $2,200,000 in each fiscal year to the Western Kentucky University budget unit to be distributed to the LifeWorks Transition Academy and Bridge Program;]~~

(213) ~~[(214)]~~ $1,400,000 in fiscal year 2025-2026 to the Kentucky Community and Technical College System budget unit to be distributed to the Western Kentucky Community and Technical College to support aviation programs;

(214) ~~[(215)]~~ $18,000,000 in each fiscal year to the Kentucky Horse Park Commission budget unit for facility upgrades to be allocated as follows:

(a) $2,500,000 for the renovation of the restaurant;

(b) $15,000,000 for the replacement of competition barns and stalls;

(c) $7,000,000 for the renovation of entertainment pavilions;

(d) $5,000,000 for the replacement of campground sites and bathhouse;

(e) $1,500,000 for a maintenance pool; and

(f) $5,000,000 for the renovation of the International Museum of the Horse;

(215) ~~[(216)]~~ $500,000 in fiscal year 2024-2025 to the Secretary budget unit in the Tourism, Arts and Heritage Cabinet to be distributed to the International Bluegrass Music Museum, Inc. to support the Bluegrass Capital Initiative;

(216) ~~[(217)]~~ $4,000,000 in fiscal year 2024-2025 to the Secretary budget unit in the Tourism, Arts and Heritage Cabinet to be distributed to the Aviation Museum of Kentucky to support the relocation of the museum;

(217) ~~[(218)]~~ $200,000 in fiscal year 2024-2025 to the Secretary budget unit in the Tourism, Arts and Heritage Cabinet to be distributed to the Muhlenberg County Tourism Commission to support tourism;

(218) ~~[(219)]~~ $400,000 in fiscal year 2024-2025 to the Secretary budget unit in the Tourism, Arts and Heritage Cabinet to be distributed to the National Quilt Museum to support a roof replacement project;

(219) ~~[(220)]~~ $720,000 in fiscal year 2024-2025 to the Secretary budget unit in the Tourism, Arts and Heritage Cabinet budget unit to support Trail Town grants not to exceed $30,000;

(220) ~~[(221)]~~ $6,000,000 in fiscal year 2024-2025 to the Secretary budget unit in the Tourism, Arts and Heritage Cabinet to be distributed to the East Kentucky Heritage Foundation for construction of cabins at the Raven Rock Resort;

(221) ~~[(222)]~~ $100,000 in fiscal year 2024-2025 to the Parks budget unit to be distributed to the Dream Big Burnside Authority to support a feasibility study for the development of a lodge and other amenities at General Burnside Island State Park;

(222) ~~[(223)]~~ $6,000,000 in each fiscal year to the Kentucky Center for the Arts budget unit to be distributed to the Kentucky Center for the Performing Arts to support facility renovations;

(223) ~~[(224)]~~ $3,500,000 in fiscal year 2023-2024 to the General Administration and Support budget unit in the Kentucky Transportation Cabinet to be distributed to the Paducah-McCracken Riverport Authority to support the Riverport West project. Notwithstanding KRS 45.229, these funds shall not lapse and shall carry forward to fiscal year 2024-2025;

(224) ~~[(225)]~~ $7,500,000 in each fiscal year to the General Administration and Support budget unit in the Kentucky Transportation Cabinet to improve public riverports within Kentucky. Of this amount, $250,000 in each fiscal year shall be distributed to the West Kentucky Regional Riverport Authority to support predevelopment archaeological activities. In addition, each existing public riverport shall receive $750,000 in each fiscal year for construction and maintenance as authorized by KRS 65.520 and for eligible use as described in KRS 174.210(3), and no local match shall be required. Any remaining balance shall be distributed at the Transportation Cabinet Secretary's

discretion and may be disbursed to riverport authorities for existing and developing riverports. Notwithstanding KRS 45.229, any portion of these funds that have not been expended by the end of fiscal year 2024-2025 shall not lapse and shall carry forward into fiscal year 2025-2026;

(225)~~[(226)]~~ $1,300,000 in fiscal year 2024-2025 to the General Administration and Support budget unit in the Kentucky Transportation Cabinet to be distributed to the Owensboro Riverport Authority to support the construction of the Owensboro riverport waterline loop;

(226)~~[(227)]~~ $10,600,000 in fiscal year 2024-2025 to the Department of Aviation budget unit in the Kentucky Transportation Cabinet to support grants of $200,000 to each General Aviation airport provided that the recipient shall have an automated dependent surveillance broadcast system installed at the airport in order to automate the tracking of aircraft operations and reporting. If a recipient does not have an automated dependent surveillance broadcast system, these grant funds may be used to purchase a system;

(227)~~[(228)]~~ $600,000 in fiscal year 2024-2025 to the Department of Aviation budget unit in the Kentucky Transportation Cabinet to be distributed to the Danville-Boyle County Airport for the Stuart-Powell Field;

(228)~~[(229)]~~ $7,500,000 in each fiscal year to the Department of Highways budget unit in the Kentucky Transportation Cabinet to implement the Short Line Infrastructure Preservation Pilot Project. The Cabinet shall coordinate with and make grants to Class II and Class III railroads to preserve and enhance existing rail lines and corridors, retain existing rail-served industries, and attract new industries, and preserve and modernize Kentucky's rail system. Funds from the pilot project shall be used for the purpose of leveraging state matching dollars in partnership with participating railroads for the railroad federal grant applications, equipment, construction, reconstruction, improvement, or rehabilitation of rail facilities or engineering work associated with capital projects. No funds shall be expended from the pilot project unless matched with non-state funds equaling at least 50 percent of the total amount for any individual project. No single project shall receive more than $2,000,000 in grant funds from the pilot project. Notwithstanding KRS 45.229, any portion of these funds that have not been expended by the end of fiscal year 2024-2025 shall not lapse and shall carry forward into fiscal year 2025-2026. The Kentucky Transportation Cabinet shall submit a report to the Legislative Research Commission and the Interim Joint Committee on Appropriations and Revenue by September 1, 2025, detailing the disbursement of funds in this subsection;

(229)~~[(230)]~~ $7,500,000 in each fiscal year to the Department of Highways budget unit in the Kentucky Transportation Cabinet to implement the Industrial Access and Safety Improvement Pilot Project. The Kentucky Transportation Cabinet, in conjunction with the Cabinet for Economic Development, shall review project proposals and the benefits provided in Kentucky. Projects must provide one or more of the following applicable economic development and safety improvement benefits:

(a) Provide Kentucky communities and industries with transportation options, connectivity, and opportunities;

(b) Enhance rail line corridors to increase on-time performance; and

(c) Improve rail services to existing industries and encourage investment in the Commonwealth;

The Kentucky Transportation Cabinet shall coordinate with and make grants to eligible freight railroads operating in the Commonwealth, as well as to any Railroad Authority, Port Authority, rail-served industries, and Industrial and Economic Development Authority Board to expand rail access, enhance the marketability of available industrial sites, increase job creation and capital investment, and increase safety. Funds from the pilot project shall be used for equipment, construction, reconstruction, improvement, or rehabilitation of rail facilities or engineering work associated with capital projects. No funds shall be expended from the pilot project unless matched with non-state funds equaling at least 50 percent of the total amount for any individual project. No single project shall receive more than $2,000,000 in grant funds from the pilot project. No one entity shall be eligible to receive more than 25 percent of total program funds in a fiscal year. Notwithstanding KRS 45.229, any portion of these funds that have not been expended by the end of fiscal year 2024-2025 shall not lapse and shall carry forward into fiscal year 2025-2026. The Kentucky Transportation Cabinet shall submit a report to the Legislative Research Commission and the Interim Joint Committee on Appropriations and Revenue by September 1, 2025, detailing the disbursement of funds in this subsection;

(230)~~[(231)]~~ $250,000,000 in fiscal year 2024-2025 and $200,000,000 in fiscal year 2025-2026 to the Department of Highways budget unit in the Kentucky Transportation Cabinet to support the State Supported Construction Program and select construction projects within the 2024-2026 Biennial Highway Construction Program. The select construction projects are identified for industrial development, economic and quality

improvement, or located in counties that are projected to have the largest change in total population in both numeric and percentage gain. Notwithstanding KRS 45.299, these funds shall not lapse and shall carry forward;

(231)~~[(232)]~~ $10,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of Covington for infrastructure at the Covington Central Riverfront site;

(232)~~[(233)]~~ $5,000,000 in fiscal year 2024-2025 to the Emergency and Targeted Investment Fund established by KRS 157.618. The School Facilities Construction Commission shall grant priority to schools with structural failures and no bonding capacity;

(233)~~[(234)]~~ $2,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the Edmonson County Fiscal Court to provide an emergency infrastructure grant. This grant will require a local match of at least $1,000,000;

(234)~~[(235)]~~ $1,000,000 in fiscal year 2024-2025 to the Department for Local Government budget unit to be distributed to the City of London to support construction of the London City Plaza project; and

(235)~~[(236)]~~ $1,000,000 in fiscal year 2024-2025 to the University of Kentucky budget unit to support immune dysregulation research.

➔Section 38. 2024 Kentucky Acts, Chapter 175, Part I, Operating Budget, A. General Government, 5. Kentucky Infrastructure Authority, (6) Rural Infrastructure Improvement Fund, at pages 1807 to 1808, is amended to read as follows:

(6) Rural Infrastructure Improvement Fund: Included in the above General Fund appropriation is $19,988,100 in fiscal year 2024-2025 to the Rural Infrastructure Improvement Fund for pole replacements. The appropriation shall include the following allocations:

(a) $4,000,000 for pole owners to hire temporary workers to help manage the increased volume of pole attachment permits;

(b) $2,000,000 to the Kentucky Association of Electric Cooperatives to administer for pole replacement activities; and

(c) $2,000,000 to the Office of Broadband Development to support hiring temporary workers for investor-owned utilities and other pole owners.

Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall ***not lapse and shall carry forward into fiscal year 2025-2026***~~[lapse to the Budget Reserve Trust Fund Account (KRS 48.705)]~~. Mandated reports shall be submitted pursuant to Part III, 24. of this Act.

➔Section 39. 2024 Kentucky Acts, Chapter 175, Part I, Operating Budget, J. Postsecondary Education, 10. Western Kentucky University, (3). LifeWorks at WKU, at page 1879, is amended to read as follows:

(3) LifeWorks at WKU: Included in the above General Fund appropriation is a one-time allocation of $2,200,000 in each fiscal year for the LifeWorks at WKU Program ***to support operations, renovations, and acquisition of property***. Notwithstanding KRS 45.229, ***any portion of the $2,200,000 that has not been expended by the end of fiscal year 2024-2025 shall not lapse and shall carry forward into fiscal year 2025-2026***~~[any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705)]~~. Mandated reports shall be submitted pursuant to Part III, 24. of this Act.

➔Section 40. 2024 Kentucky Acts, Chapter 175, Part II, Capital Projects Budget, I. Postsecondary Education, 10. Western Kentucky University, at pages 1927 to 1928, is amended to read as follows:

10. WESTERN KENTUCKY UNIVERSITY

001. Asset Preservation Pool - 2024-2026			
Bond Funds	28,581,000	28,581,000	
002. Replace Academic Complex			
Bond Funds	160,000,000	-0-	
003. Renovate Center for Research and Development Phase I			
Restricted Funds		6,000,000	-0-
Other Funds	6,000,000	-0-	

TOTAL	12,000,000	-0-
004. Reauthorize WKU Asset Preservation Restricted Match		
Restricted Funds	10,212,000	-0-
005. Construct Parking Structure IV Additional Reauthorization ($25,000,000 Agency Bonds)		
Agency Bonds	10,000,000	-0-
006. Renovate and Expand Clinical Education Complex		
Other Funds	10,000,000	-0-
007. Expand Track and Field Facilities		
Other Funds	6,500,000	-0-
008. Renovate South Campus		
Restricted Funds	6,000,000	-0-
009. Construct Baseball Grandstand		
Other Funds	6,000,000	-0-
010. Renovate/Expand Cliff Todd Center		
Agency Bonds	6,000,000	-0-
011. Construct Football Press Box		
Other Funds	6,000,000	-0-
012. Acquire Furniture, Fixtures, and Equipment Diddle Arena		
Other Funds	5,000,000	-0-
013. Acquire Furniture Fixtures & Equipment Pool		
Restricted Funds	5,000,000	-0-
014. Remove and Replace Student Housing at Farm		
Other Funds	5,000,000	-0-
015. Add Club Seating at Diddle Arena		
Other Funds	5,000,000	-0-
016. Enhance Avenue of Champions Streetscaping		
Restricted Funds	2,000,000	-0-
Other Funds	2,000,000	-0-
TOTAL	4,000,000	-0-
017. Construct South Plaza		
Other Funds	3,600,000	-0-
018. Purchase Property/Parking and Street Improve		
Restricted Funds	3,000,000	-0-
019. Purchase Property for Campus Expansion		
Restricted Funds	3,000,000	-0-
020. Acquire Furniture, Fixtures, and Equipment for Hilltopper Fieldhouse		
Other Funds	3,000,000	-0-
021. Install New Turf on Athletic Fields		
Other Funds	3,000,000	-0-

022. Renovate State/Normal Street Properties

Restricted Funds 2,000,000 -0-

023. Asset Preservation - 2022-2024 Reauthorization ($10,212,000 Restricted Funds)

024. Construct New Gordon Ford College of Business Additional Reauthorization ($74,400,000 Bond Funds, $25,000,000 Agency Bonds)

025. Construct, Renovate, and Improve Athletics Facilities Reauthorization ($8,434,300 Agency Bonds)

026. Guaranteed Energy Savings Performance Contracts

027. Lease - Alumni Center

028. Lease - Parking Garage

029. Lease - Nursing/Physical Therapy

030. Construct, Renovate, and Improve Athletic Facilities Additional Reauthorization ($50,000,000 Agency Bonds)

Agency Bonds 10,000,000 -0-

➔Section 41. There is hereby appropriated General Fund moneys from the Budget Reserve Trust Fund Account established by KRS 48.705 in the amount of $750,000 in fiscal year 2024-2025 to the Auditor of Public Accounts budget unit for the purpose of conducting a special audit of the Kentucky Communications Network Authority and the Kentucky Wired Network. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall not lapse and shall carry forward into fiscal year 2025-2026. Mandated reports shall be submitted pursuant to Ky. Acts ch. 175, Part III, 24. In the event that the costs for the audit exceed $750,000, the Auditor of Public Accounts may request from the State Budget Director, as a necessary government expense, up to $750,000 in fiscal year 2025-2026 for this purpose from the General Fund Surplus Account (KRS 48.705) or the Budget Reserve Trust Fund Account (KRS 48.705).

➔Section 42. Whereas the duties of the Auditor and ombudsman operate to protect the life, safety, and health of Kentuckians and no just cause exists for depriving the citizens of the enhanced protections established in this Act, and there is urgent need to establish legislative oversight of the Kentucky Medical Assistance Program in order to ensure efficient program administration and timely access to benefits and provide members of the General Assembly with the information and data necessary to make informed decisions about the Kentucky Medical Assistance Program, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Vetoed in Part and Overridden in Part March 27, 2025.

CHAPTER 118

(SB 28)

AN ACT relating to agricultural economic development and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 246 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Agribusiness" has the same meaning as in KRS 154.32-010;

(b) "Alternative fuels" has the same meaning as in KRS 154.20-400, and also includes alternative fuels generated by an agricultural production facility for the purpose of generating sustainable aviation fuel;

(c) "Application" means the documentation submitted for an eligible project that is required for preliminary approval under subsection (6)(c) of this section;

(d) "Board" means the agricultural economic development board established in subsection (3) of this section;

(e) "Eligible project" means any agricultural economic development project or proposal, including an agribusiness or alternative fuels project, that:

1. Develops necessary supply chain infrastructure within the Commonwealth;

2. Has a significant level of capital investment; and

3. Demonstrates a positive economic impact to the selected site location, which may be:

a. Quantified by the:

i. Number of farming operations impacted for each one thousand dollars ($1,000) of incentives awarded; or

ii. Increase in the volume of product or production for each one thousand dollars ($1,000) of incentives awarded; or

b. Based on econometric analysis provided by a state-funded university within the Commonwealth;

(f) "Farming operation" has the same meaning as in KRS 154.60-040;

(g) "Fund" means the agricultural economic development fund created in subsection (4) of this section; and

(h) "Incentives" means either a:

1. Direct grant of moneys;

2. Forgivable loan;

3. Low-interest revolving loan, of which no more than fifty percent (50%) of the principal of the loan is forgiven within the memorandum of agreement required under subsection (6)(c) of this section; or

4. Any combination of the incentives in subparagraphs 1. to 3. of this paragraph in conjunction with another lawfully authorized incentive award scheme;

based upon the eligible project meeting certain economic conditions.

(2) The purposes of this section are to:

(a) Provide incentives for eligible projects;

(b) Encourage the location or expansion of agricultural development in the Commonwealth; and

(c) Advance the public purposes of:

1. Improvement in the quality of life for Kentucky citizens;

2. Providing an economic stimulus to bolster in-state production of vital sustainable agricultural products and services; and

3. Creation of new sources of tax revenues for the support of public services provided by the Commonwealth.

(3) (a) The agricultural economic development board is hereby established and shall be composed of six (6) members to include:

1. The Commissioner of Agriculture or his or her designee, who shall serve as chair; and

2. Five (5) members appointed by the Commissioner, with at least one (1) person representing each of the following four (4) agricultural sectors:

a. Livestock or poultry;

b. Row crops;

c. Specialty crops; and

d. Local economic development.

(b) The members appointed under paragraph (a)2. of this subsection shall:

1. Be chosen from a list of three (3) nominees submitted to the Commissioner, with:

a. One (1) member chosen from a list provided by the Kentucky Association for Economic Development;

b. Two (2) members chosen from a list provided by the Kentucky Agricultural Finance Corporation; and

c. Two (2) members chosen from a list provided by the Agricultural Development Board;

2. Be reimbursed for expenses incurred in the performance of their duties;

3. Serve for a term of two (2) years and until a successor is appointed unless removed in accordance with subparagraph 5. of this paragraph;

4. Serve for no more than two (2) consecutive terms; and

5. Be removed by the Commissioner for good cause or if a member misses two (2) consecutive meetings without good cause.

(c) Upon the death, resignation, or removal of any member, the vacancy for the unexpired term shall be filled by the Commissioner in the same manner as the original appointment.

(d) The board shall:

1. Be attached to the Kentucky Office of Agricultural Policy for administrative purposes;

2. Meet:

a. Quarterly;

b. At the call of the chair; or

c. Upon a call of the majority of the members; and

3. Not be subject to reorganization under KRS Chapter 12.

(e) A quorum of the board:

1. Shall consist of at least three (3) members; and

2. Is required for any action to be taken by the board.

(f) The duties of the board shall include:

1. Administering the fund created in subsection (4) of this section;

2. Working with the department to develop procedures, guidelines, and criteria for:

a. Prioritizing eligible projects;

b. Determining project awards; and

c. Terminating incentives to eligible projects;

3. Preparing full meeting reports and maintaining all records and official actions of the board;

4. Receiving and reviewing applications from eligible projects;

5. Prioritizing eligible projects resulting in the maximum agricultural impact;

6. Entering into a memorandum of agreement with an eligible project;

7. Approving distributions to eligible projects and monitoring progress of those projects through the distribution process;

8. Terminating incentives and recovering previous distributions if the terms of the memorandum of agreement are not met; and

9. Preparing and submitting an annual report to the Interim Joint Committee on Appropriations and Revenue beginning no later than November 1, 2025, and no later than each November 1 thereafter until all moneys have been fully distributed and all memorandums of agreement

have been completed. The report shall contain cumulative and historical information for each application received, including:

a. Information to identify the eligible project, including the:

i. Name submitted on the application;

ii. County within which the eligible project is or will be located; and

iii. Agricultural economic development activity for which the eligible project will develop;

b. Dates, including the date the:

i. Application was received;

ii. Application was denied, if appropriate;

iii. Memorandum of agreement was executed;

iv. Memorandum of agreement is estimated to be completed; and

v. Memorandum of agreement was completed;

c. The amount of capital investment that has or will be made by the recipient for the eligible project;

d. The estimated economic impact to be achieved from the eligible project;

e. Whether the incentive is or will be a:

i. Direct grant of moneys and the total amount of the grant;

ii. Forgivable loan and the total amount of the forgivable loan;

iii. Low-interest revolving loan, the total amount of the loan, and the low-interest rate of the loan; or

iv. Combination of the incentives in subparts i. to iii. of this subdivision;

f. If the incentive is a low-interest loan, the amount of:

i. Principal collected from the inception of the loan to the report date; and

ii. Interest collected from the inception of the loan to the report date;

g. A list of all funding sources to be utilized by the eligible project; and

h. The amount of incentive disbursements that have been made to the eligible project under this section.

(4) (a) The agricultural economic development fund is hereby created as a revolving account within the State Treasury to be administered by the department.

(b) The fund shall consist of moneys received from repayment of low-interest loans awarded as an incentive under this section, state appropriations, gifts, grants, federal funds, and any returned moneys required under subsection (6)(j) of this section.

(c) Amounts deposited in the fund shall be used as provided in this section.

(d) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal year shall not lapse but shall be carried forward into the next fiscal year.

(e) All interest earnings of the fund shall become a part of the fund and shall not lapse.

(f) Up to twenty percent (20%) of moneys appropriated to the fund during a fiscal year may be used for eligible projects to retain or create innovative or high-technology jobs in the agriculture industry that are directly associated with developing more diverse energy sources within the Commonwealth.

(5) (a) By working in conjunction and coordination with the Cabinet for Economic Development, the department shall create a program to encourage projects promoting economic development related to agriculture, including:

1. Agricultural economic development projects across the Commonwealth;

2. Agribusiness projects; and

3. Alternative fuels projects.

(b) The Cabinet for Economic Development shall coordinate with and seek guidance from the Commissioner of Agriculture in considering any projects for economic incentives related to agricultural economic development, agribusiness, or production facilities for alternative fuels, including sustainable aviation fuels.

(6) (a) An eligible project may submit an application to the board in accordance with subsection (8) of this section.

(b) Upon review of the application and any additional information submitted, the board may give preliminary approval to an eligible project and authorize the negotiation and execution of a memorandum of agreement.

(c) The memorandum of agreement shall:

1. Establish the:

a. Minimum amount of capital investment to be made;

b. Whether the incentive is a:

i. Direct grant of moneys and the total amount of the grant;

ii. Forgivable loan and the total amount of the forgivable loan;

iii. Low-interest revolving loan, the total amount of the loan, and the low-interest rate of the loan; or

iv. Combination of the incentives in subparts i. to iii. of this subdivision; and

c. Target dates for distribution of the incentives during the time between preliminary approval and final approval of the eligible project; and

2. Only allow the incentives to be applied to costs incurred after preliminary approval.

(d) Upon preliminary approval, the business may undertake and begin the project according to the memorandum of agreement.

(e) The eligible project shall submit any documentation required by the board upon request.

(f) Upon preliminary approval, the board shall:

1. Post the company's name, location of the agricultural economic development project, and incentives that have been preliminarily approved on the department's website; and

2. Monitor each eligible project to ensure that incentives are distributed incrementally as the capital investment targets are incrementally achieved according to the memorandum of agreement.

(g) Records relating to applications for incentives from the fund or under KRS Chapter 154, including exchanges of information and offers, that are denied, or are not otherwise awarded an incentive, shall remain confidential, shall not be subject to public inspection, and shall not be considered public records under KRS 61.870 to 61.884.

(h) 1. To obtain final approval, the eligible project shall submit documentation required by the board to confirm that the requirements established by the memorandum of agreement have been met. Documentation shall include information demonstrating that the eligible project has met the minimum capital investment.

2. Upon review and confirmation of the documentation, the board may authorize the final distribution of incentives and the memorandum of agreement shall be completed.

(i) The board shall monitor the activities of the eligible project and, based on the documentation provided, confirm that the eligible project is in compliance with the provisions of the memorandum of agreement and, therefore, eligible for the continued distribution of incentives.

(j) If, at any time during the term of the memorandum of agreement, an eligible project becomes ineligible for incentives, the board shall immediately terminate the distribution of incentives and

determine whether previously distributed incentives may be recaptured based on a pro rata basis of the partially completed terms and the actual terms within the memorandum of agreement by the benchmarks established in the memorandum of agreement.

(7) (a) The board shall operate in the same manner as the operation of the Agricultural Development Board in accordance with KRS 248.701 to 248.727.

(b) Standards to be used in reviewing and approving an eligible project shall include but not be limited to the:

1. Creditworthiness of the eligible company;

2. Proposed capital investment to be made;

3. Projected tax receipts;

4. Support of the local community; and

5. Likelihood of the economic success of the agricultural economic development project.

(8) The application shall include:

(a) The name of the applicant who will have some relation to the eligible project;

(b) A description of the eligible project, including its location and the total capital investment in the eligible project;

(c) For eligible projects new to the Commonwealth:

1. Certification by the applicant that the eligible project could reasonably and efficiently locate outside of the Commonwealth and that, without the incentives offered by the board, the eligible project would likely locate outside the Commonwealth; and

2. The identification of at least one (1) viable out-of-state location for the eligible project;

(d) For eligible projects with an existing location in the Commonwealth considering an expansion, certification that the incentives are necessary for the expansion to occur;

(e) A letter of support from a local governmental entity in the city or county where the eligible project will be located; and

(f) Any other information the board may require.

➔Section 2. KRS 154.12-213 is amended to read as follows:

(1) The cabinet, as it deems necessary and advisable, may:

(a) ~~[(1)]~~ Consult with agencies of the state, federal, and local government in order to coordinate development programs and plans and to articulate agriculture, industry, and commerce in the light of the needs of particular localities;

(b) ~~[(2)]~~ Make studies of land utilization so as to determine areas suitable for industrial and commercial development;

(c) ~~[(3)]~~ Make studies and projections and publish information relating to the economic development of the Commonwealth and make appropriate recommendations to the board and the General Assembly;

(d) ~~[(4)]~~ Establish and maintain development offices in out-of-state centers of industrial and commercial management; ***and***

(e) ~~[(5)]~~ Place advertising in appropriate media promoting Kentucky's resources and locational advantages for industrial and commercial enterprises.

(2) The cabinet shall coordinate with and seek guidance from the Commissioner of Agriculture in considering any projects for economic incentives related to agricultural economic development, agribusiness, or production facilities for alternative fuels including sustainable aviation fuels, including providing to the Commissioner of Agriculture:

(a) Names of applicants;

(b) Details of proposed projects, including the proposed activity and the location of the proposed activity;

(c) Estimates of capital investment and jobs to be created; and

(d) Any other information requested by the Commissioner of Agriculture.

➔Section 3. KRS 248.709 is amended to read as follows:

The board's duties shall include but not be limited to:

(1) Administering the agricultural development fund, except as provided in KRS 248.717(2);

(2) Receiving requests and applications for funds and authorizing the distribution of funds. The board may receive applications from institutions of public postsecondary education for financial and technical assistance in conducting alternative crop development research. The board shall assist the applicants in obtaining any necessary federal permits that may be required to conduct alternative crop research. A recipient institution shall report the status and progress of the alternative crop development research to the board, the Interim Joint Committee on Agriculture, and the Tobacco Settlement Agreement Fund Oversight Committee. The board shall promulgate administrative regulations relating to growing and researching alternative crops at the selected postsecondary institution, and shall adopt any applicable federal regulations;

(3) Developing guidelines and criteria for eligibility for and disbursement of funds, the types of direct and indirect economic assistance to be awarded, and procedures for applying for funds and reviewing applications for assistance;

(4) Ensuring that each county agricultural development council's plans and county recommendations and applications receive major consideration in decisions on use of a county's funds;

(5) (a) Completing a comprehensive plan and updating the plan no less than every ten (10) years.

(b) The comprehensive plan shall propose short-term and long-term goals, strategies, and investments in Kentucky agriculture that will assist farmers in remaining competitive in existing and new enterprises. The comprehensive plan shall identify a diversified mix of enterprises that are profitable to farmers and shall determine the investments necessary to support the viability of those enterprises. The plan shall be reviewed by the General Assembly and the subcommittee created in KRS 248.723. The subcommittee may issue comment on the plan. However, the board may act without General Assembly approval.

(c) Notwithstanding the provisions of 2000 Ky. Acts ch. 546, immediate funding needs may be addressed and funded before a comprehensive or strategic plan is completed. Proposals from an applicant may be approved by the board if they meet the criteria established in KRS 248.713;

(6) Preparing a biennial budget request in accordance with KRS Chapter 48;

(7) Working with other governmental agencies to maximize the financial and economic impact that the programs implemented by the board will have and to maximize receipt of federal and other funds to the agriculture community in the Commonwealth;

(8) Promulgating administrative regulations relating to carrying out the purposes of KRS 248.701 to 248.727;

(9) Hiring an executive director to carry out the will of the board and who shall report solely to the Commissioner;

(10) Ensuring the necessary mechanisms are in place for the committees created by KRS 248.715 to function effectively;

(11) Contracting with other persons or entities if necessary to effectuate the board's purposes and functions;

(12) Enacting bylaws concerning the conduct of the board's business and other administrative procedures as the board deems necessary;

(13) Developing criteria to evaluate the success of the board's programs and expenditures to applicants. The criteria shall be simple, easily measured, and easily understood. Criteria should include number of families farming, increases in farm income attributable to state programs, the number of diversified operations, and the number of different types of diversified efforts within a county, including the efforts that have failed;

(14) Providing reports of each meeting, along with expenditures approved or denied, within thirty (30) days of the meeting, to the Tobacco Settlement Agreement Fund Oversight Committee created by KRS 248.723. These reports shall contain detailed information relating to each expenditure by the board and detailed information on each application for funding a project or initiative by the board and decision by the board regarding each proposal, except information that may violate confidentiality. This information shall be provided by electronic format as prescribed by the Legislative Research Commission;

(15) Submitting an annual written report to the Governor, the Commissioner of Agriculture, the Tobacco Settlement Agreement Fund Oversight Committee, and the Legislative Research Commission regarding the administrative, financial, and programmatic activities of the board;~~[and]~~

(16) Making recommendations to the General Assembly through the Legislative Research Commission on possible adjustments to the funding formula for county allocations and the percent allocated to counties as provided in KRS 248.703***; and***

(17) Making, participating in the making, purchasing, or participating in the purchasing of insured mortgage or other types of loans to qualified applicants for the purpose of incentives awarded under Section 1 of this Act.

➔Section 4. KRS 246.030 is amended to read as follows:

The department shall consist of:

(1) The Office of the Commissioner;

(2) The Office of Agricultural Marketing, which shall include the following:

(a) The Promotion and Development Division;

(b) The ***Farm Safety and Rural Health***~~[Shows and Fairs]~~ Division;

(c) The Livestock Division;

(d) The Plant Division;

(e) The Education and Outreach Division; and

(f) The Direct Farm Marketing Division;

(3) The Office for Consumer and Environmental Protection, which shall include the following:

(a) The Division of Regulation and Inspection;

(b) The Division of Food Distribution; and

(c) The Division of Environmental Services;

(4) The Office of State Veterinarian, which shall include the following:

(a) The Division of Regulatory Field Services

(b) The Division of Animal Health Programs; and

(c) The Division of Emergency Preparedness and Response;

(5) The Office of Administrative Services, which shall include the following:

(a) The Division of Human Resources;

(b) The Division of Administrative Services; and

(c) The Division of Information Technology;

(6) The Office of Communications;

(7) The Office of Legal Services;

(8) The State Board of Agriculture; and

(9) The Kentucky Office of Agricultural Policy, which shall include the following:

(a) Agricultural Development Board;~~[and]~~

(b) Kentucky Agricultural Finance Corporation***; and***

(c) The Division of Agricultural Economic Development.

➔Section 5. KRS 247.220 is amended to read as follows:

(1) The Commissioner of Agriculture shall make grants of state funds to qualified local agricultural fairs on a matching basis, to be used by them to pay premium awards for exhibits and displays of domestic livestock,

poultry, harness horse racing, other horse events, and agricultural products. The premiums actually awarded shall conform to those appearing on the premium list issued by the fair.

(2) The state may provide funds for use in the establishment of new facilities and improvement of existing facilities for use in conducting events at local agricultural fairs as provided by this section. No grant for buildings shall be made until the local fair board has complied with the local fair program and qualified for the state grant as provided in subsection (5) of this section. Grants for facilities shall be made under regulations promulgated by the Fair Council and the Commissioner of Agriculture. In no event shall the allocation for facilities result in a decrease in the number of approved agricultural classes or premiums.

(3) There shall be a Fair Council in the Department of Agriculture. The council shall act in an advisory capacity to the Commissioner in all matters pertaining to the administration of the department's fair program. It shall be called into session when there are matters for its consideration. It shall meet at least twice each calendar year at Frankfort or at any other place that may be determined.

(4) (a) The council shall be composed of:

1. The Commissioner, or the Commissioner's designee, as ***chair*** ~~[chairman]~~;
2. The Presidents or their designated representatives of the following state groups:
   a. Kentucky Farm Bureau Federation;
   b. Kentucky Association of Fairs and Horse Shows, Inc.;
   c. Kentucky Horse Racing and Gaming Corporation;
   d. American Saddlebred Horse Association; and
   e. Kentucky Walking Horse Association;
3. The Agricultural Education Consultant of the Kentucky Department of Education;
4. The dean of the University of Kentucky College of Agriculture, Food and Environment, or the dean's designee;
5. The co-chairs of the Interim Joint Committee on Agriculture; and
6. Two (2) representatives appointed by the Commissioner who are experienced in showing livestock or animal agriculture.

(b) The Commissioner may, with the concurrence of a majority of the members of the council, appoint additional members to the council.

(5) To qualify for a grant of state funds, a fair shall meet standards set by the Commissioner and his ***or her*** advisory council whose approval may be given only if the fair:

(a) Provides in its bylaws for holding an annual fair running for at least three (3) days;

(b) Presents, through the medium of youth organizations such as 4-H clubs, Future Farmers of America, and other similar organizations, an educational program concerning the production and marketing of the livestock, poultry, and horse industries;

(c) Complies with all administrative regulations which the Department of Agriculture is hereby authorized to promulgate; and

(d) Appoints one (1) or more members to its fair board from local livestock associations, horsemen's associations, and county farm bureaus, and selects one (1) or more county extension agents and vocational agriculture teachers for counties served by the fair as members of the board. Wherever local livestock associations, horsemen's associations, and farm bureaus are in existence, appointees are to be nominated to the fair board by these organizations. Where fairs serve an area, appointments may be made from all counties within the particular area. It shall be the responsibility of the appointees to aid in establishing premium lists and planning agricultural exhibits.

(6) Any fair receiving a grant of state funds shall file with the director of the ***Livestock*** ~~[Shows and Fairs]~~ Division in the Department of Agriculture, by December 1 of the year in which the grant is received, satisfactory proof that all state premium awards have been paid and a certified notarized financial report submitted by the treasurer of the local fair association.

➔Section 6. Whereas farm families throughout the Commonwealth depend on the expansion and success of a flourishing agricultural industry, and it is imperative that productive farm land in the Commonwealth be preserved and increased and new infrastructure improvements be made, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Veto Overridden March 27, 2025.

CHAPTER 119

(SB 89)

AN ACT relating to environmental protection and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 224.1-010 is amended to read as follows:

As used in this chapter unless the context clearly indicates otherwise:

(1) "Air contaminant" includes smoke, dust, soot, grime, carbon, or any other particulate matter, radioactive matter, noxious acids, fumes, gases, odor, vapor, or any combination thereof;

(2) "Air contaminant source" means any and all sources of emission of air contaminants, whether privately or publicly owned or operated. Without limiting the generality of the foregoing, this term includes all types of business, commercial and industrial plants, works, shops, and stores, and heating and power plants and stations, buildings and other structures of all types, including single and multiple family residences, apartments, houses, office buildings, public buildings, hotels, restaurants, schools, hospitals, churches, and other institutional buildings, automobiles, trucks, tractors, buses and other motor vehicles, garages and vending and service locations and stations, railroad locomotives, ships, boats and other waterborne craft, portable fuel-burning equipment, incinerators of all types (indoor and outdoor), refuse dumps and piles, and all stack and other chimney outlets from any of the foregoing;

(3) "Air pollution" means the presence in the outdoor atmosphere of one (1) or more air contaminants in sufficient quantities and of such characteristics and duration as is or threatens to be injurious to human, plant, or animal life, or to property, or which unreasonably interferes with the comfortable enjoyment of life or property;

(4) "Closure" means the time at which a waste treatment, storage, or disposal facility permanently ceases to accept wastes, and includes those actions taken by the owner or operator of the facility to prepare the site for post-closure monitoring and maintenance or to make it suitable for other uses;

(5) "Compost" means solid waste which has undergone biological decomposition of organic matter, been disinfected using composting or similar technologies, been stabilized to a degree which is potentially beneficial to plant growth and which is approved for use or sale as a soil amendment, artificial topsoil, growing medium amendment, or other similar uses;

(6) "Composting" means the process by which biological decomposition of organic solid waste is carried out under controlled aerobic conditions, and which stabilizes the organic fraction into a material which can easily and safely be stored, handled, and used in an environmentally acceptable manner:

   (a) "Composting" may include a process which creates an anaerobic zone within the composting material;

   (b) "Composting" does not include simple exposure of solid waste under uncontrolled conditions resulting in natural decay;

(7) "Demonstration" means the initial exhibition of a new technology, process or practice or a significantly new combination or use of technologies, processes or practices, subsequent to the development stage, for the purpose of proving technological feasibility and cost effectiveness;

(8) "Cabinet" means the Energy and Environment Cabinet;

(9) "Disposal" means the discharge, deposit, injection, dumping, spilling, leaking, or placing of any waste into or on any land or water so that such waste or any constituent thereof may enter the environment or be emitted into the air or discharged into any waters, including ground waters;

(10) "District" means an air pollution control district as provided for in KRS Chapter 77;

(11) "Effluent limitations" means any restrictions or prohibitions established under state law which include, but are not limited to, effluent limitations, standards of performance for new sources, and toxic effluent standards on quantities, rates, and concentrations of chemical, physical, biological, and other constituents which are discharged into waters;

(12) "Generator" means any person, by site, whose act or process produces waste;

(13) "Materials recovery facility" means a solid waste management facility that provides for the extraction from solid waste of recyclable materials, materials suitable for use as a fuel or soil amendment, or any combination of those materials;

(14) "Municipal solid waste disposal facility" means any type of waste site or facility where the final deposition of any amount of municipal solid waste occurs, whether or not mixed with or including other waste allowed under Subtitle D of the Federal Resource Conservation and Recovery Act of 1976, as amended, and includes but is not limited to incinerators and waste-to-energy facilities that burn municipal solid waste and contained and residential landfills, but does not include an advanced recycling facility or a waste site or facility which is operated exclusively by a solid waste generator on property owned by the solid waste generator which accepts only industrial solid waste from the solid waste generator or industrial solid waste generated at another facility owned and operated by the generator or wholly-owned subsidiary, or a medical waste incinerator which is owned, operated, and located on the property of a hospital or university which is regulated by the cabinet and used for the purpose of treatment, prior to landfill, of medical waste received from the generator exclusively or in combination with medical waste generated by professionals or facilities licensed or regulated or operated by the Commonwealth;

(15) "Municipal solid waste reduction" means source reduction, waste minimization, reuse, recycling, composting, and materials recovery;

(16) "Person" means an individual, trust, firm, joint stock company, corporation (including a government corporation), partnership, association, federal agency, state agency, city, commission, political subdivision of the Commonwealth, or any interstate body;

(17) "Post-closure monitoring and maintenance" means the routine care, maintenance, and monitoring of a solid waste or hazardous waste treatment, storage, or disposal facility following closure of the facility;

(18) "Publicly owned treatment works" means any device or system used in the treatment (including recycling and recovery) of municipal sewage or industrial wastes of a liquid nature which is owned by the Commonwealth or a political subdivision of the Commonwealth;

(19) "Recovered material" means those materials, including but not limited to compost, which have known current use, reuse, or recycling potential, which can be feasibly used, reused, or recycled, and which have been diverted or removed from the solid waste stream for sale, use, reuse, or recycling, whether or not requiring subsequent separation and processing, but does not include materials diverted or removed for purposes of energy recovery or combustion except refuse-derived fuel (RDF), which shall be credited as a recovered material in an amount equal to that percentage of the municipal solid waste received on a daily basis at the processing facility and processed into RDF; but not to exceed fifteen percent (15%) of the total amount of the municipal solid waste received at the processing facility on a daily basis. Notwithstanding any provision of law to the contrary, tire-derived fuel, as defined in subsection (53) of this section, shall be considered a recovered material;

(20) "Recovered material processing facility" means a facility engaged solely in the storage, processing, and resale or reuse of recovered material, but does not mean a solid waste management facility if solid waste generated by a recovered material processing facility is managed pursuant to this chapter and administrative regulations adopted by the cabinet;

(21) "Recycling" means any process by which materials which would otherwise become solid waste are collected, separated, or processed and reused or returned to use in the form of raw materials or products, including refuse-derived fuel when processed in accordance with administrative regulations established by the cabinet, but does not include the incineration or combustion of materials for the recovery of energy;

(22) "Refuse-derived fuel" means a sized, processed fuel product derived from the extensive separation of municipal solid waste, which includes the extraction of recoverable materials for recycling and the removal of nonprocessables such as dirt and gravel prior to processing the balance of the municipal solid waste into the refuse-derived fuel product;

(23) "Secretary" means the secretary of the Energy and Environment Cabinet;

(24) "Sewage system" means individually or collectively those constructions or devices used for collecting, pumping, treating, and disposing of liquid or waterborne sewage, industrial wastes, or other wastes;

(25) "Termination" means the final actions taken by the cabinet as to a solid waste or hazardous waste treatment, storage, or disposal facility when formal responsibilities for post-closure monitoring and maintenance cease;

(26) "Waste site or facility" means any place where waste is managed, processed, or disposed of by incineration, landfilling, or any other method, but does not include a container located on property where solid waste is generated and which is used solely for the purpose of collection and temporary storage of that solid waste prior to off-site disposal, or a recovered material processing facility, or an advanced recycling facility, or the combustion of processed waste in a utility boiler;

(27) "Storage" means the containment of wastes, either on a temporary basis or for a period of years, in such a manner as not to constitute disposal of such wastes;

(28) "Transportation" means any off-site movement of waste by any mode, and any loading, unloading, or storage incidental thereto;

(29) "Treatment" means any method, technique, or process, including neutralization, designed to change the physical, chemical, or biological character or composition of any waste so as to neutralize such waste or so as to render such waste nonhazardous, safer for transport, amenable for recovery, amenable for storage, or reduced in volume. Such term includes any activity or processing designed to change the physical form or chemical composition of hazardous waste so as to render it nonhazardous;

(30) "Waste" means:

(a) "Solid waste" means any garbage, refuse, sludge, and other discarded material, including solid, liquid, semi-solid, or contained gaseous material resulting from industrial, commercial, mining (excluding coal mining wastes, coal mining by-products, refuse, and overburden), agricultural operations, and from community activities, but does not include those materials including, but not limited to, sand, soil, rock, gravel, or bridge debris extracted as part of a public road construction project funded wholly or in part with state funds, recovered material, post-use polymers or recovered feedstocks, tire-derived fuel, special wastes as designated by KRS 224.50-760, solid or dissolved material in domestic sewage, manure, crops, crop residue, or a combination thereof which are placed on the soil for return to the soil as fertilizers or soil conditioners, or solid or dissolved material in irrigation return flows or industrial discharges which are point sources subject to permits under Section 402 of the Federal Water Pollution Control Act, as amended (86 Stat. 880), or source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (68 Stat. 923):

1. "Household solid waste" means solid waste, including garbage and trash generated by single and multiple family residences, hotels, motels, bunkhouses, ranger stations, crew quarters, and recreational areas such as picnic areas, parks, and campgrounds, but it does not include tire-derived fuel;

2. "Commercial solid waste" means all types of solid waste generated by stores, offices, restaurants, warehouses, and other service and nonmanufacturing activities, excluding tire-derived fuel and household and industrial solid waste;

3. "Industrial solid waste" means solid waste generated by manufacturing or industrial processes that is not a hazardous waste or a special waste as designated by KRS 224.50-760, including but not limited to waste resulting from the following manufacturing processes: electric power generation; fertilizer or agricultural chemicals; food and related products or by-products; inorganic chemicals; iron and steel manufacturing; leather and leather products; nonferrous metals manufacturing/foundries; organic chemicals; plastics and resins manufacturing; pulp and paper industry; rubber and miscellaneous plastic products, except tire-derived fuel; stone, glass, clay, and concrete products; textile manufacturing; transportation equipment; and water treatment; and

4. "Municipal solid waste" means household solid waste and commercial solid waste; and

(b) "Hazardous waste" means any discarded material or material intended to be discarded or substance or combination of such substances intended to be discarded, in any form which because of its quantity, concentration or physical, chemical or infectious characteristics may cause, or significantly contribute

to an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness or pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, or disposed of, or otherwise managed;

(31) "Waste management district" means any county or group of counties electing to form under the provisions of KRS Chapter 109 and operate in conformance with the provisions of KRS Chapter 109 and with Section 4006, Resource Conservation and Recovery Act of 1976, as amended (Public Law 94-580);

(32) "Water" or "waters of the Commonwealth" means and includes***:***

(a) Navigable waters, as defined in 33 U.S.C. sec. 1362;

(b) Sinkholes with open throat drains;

(c) Naturally occurring artesian or phreatic springs, as well as any other spring used as a source of domestic water supply; and

(d) Wellhead protection areas;~~[any and all rivers, streams, creeks, lakes, ponds, impounding reservoirs, springs, wells, marshes, and all other bodies of surface or underground water, natural or artificial,]~~

that are situated wholly or partly within or bordering upon the Commonwealth or within its jurisdiction;

(33) "Water pollution" means the alteration of the physical, thermal, chemical, biological, or radioactive properties of the waters of the Commonwealth in such a manner, condition, or quantity that will be detrimental to the public health or welfare, to animal or aquatic life or marine life, to the use of such waters as present or future sources of public water supply or to the use of such waters for recreational, commercial, industrial, agricultural, or other legitimate purposes;

(34) "Pollutant" means and includes dredged spoil, solid waste, incinerator residue, sewage, sewage sludge, garbage, chemical, biological or radioactive materials, heat, wrecked or discarded equipment, rock, sand, soil, industrial, municipal or agricultural waste, and any substance resulting from the development, processing, or recovery of any natural resource which may be discharged into water;

(35) "NPDES" means National Pollutant Discharge Elimination System;

(36) "Manifest" means the form used for identifying the quantity, composition, and the origin, routing, and destination of waste during its transportation from the point of generation to the point of disposal, treatment, or storage;

(37) "Open dump" means any facility or site for the disposal of solid waste which does not have a valid permit issued by the cabinet or does not meet the environmental performance standards established under regulations promulgated by the cabinet;

(38) "Solid waste management" means the administration of solid waste activities: collection, storage, transportation, transfer, processing, treatment, and disposal, which shall be in accordance with a cabinet-approved county or multicounty solid waste management plan;

(39) "Solid waste management area" or "area" means any geographical area established or designated by the cabinet in accordance with the provisions of this chapter;

(40) "Solid waste management facility" means any facility for collection, storage, transportation, transfer, processing, treatment, or disposal of solid waste, whether such facility is associated with facilities generating such wastes or otherwise, but does not include a container located on property where solid waste is generated and which is used solely for the purpose of collection and temporary storage of that solid waste prior to off-site disposal, or a recovered material processing facility or advanced recycling facility, both of which are otherwise subject to regulation pursuant to this chapter for control of environmental impacts and to prevent any public nuisance;

(41) "Hazardous constituent" shall conform to the requirements of the Resource Conservation and Recovery Act (RCRA), as amended;

(42) "Land disposal" includes but is not limited to any placement of hazardous waste in a landfill, surface impoundment, waste pile, injection well, land treatment facility, salt dome formation, salt bed formation, or underground mine or cave;

(43) "Key personnel" means an officer, partner, director, manager, or shareholder of five percent (5%) or more of stock or financial interest in a corporation, partnership, or association or parent, subsidiary, or affiliate

corporation and its officers, directors, or shareholders of five percent (5%) or more of stock or financial interest;

(44) "Universal collection" means a municipal solid waste collection system which is established by ordinance and approved by the cabinet and requires access for each household or solid waste generator in a county. A commercial or industrial entity which transports or contracts for the transport of the municipal solid waste it generates or which operates a solid waste management facility for its exclusive use may be excluded from participation;

(45) "Governing body" means a county, a waste management district, an entity created pursuant to the Interlocal Cooperation Act, a taxing district created pursuant to the provisions of KRS 65.180 to 65.192, a special district created pursuant to the provisions of KRS 65.160 to 65.176, or counties acting under contract pursuant to KRS 109.082;

(46) "Convenience center" means a facility that is manned during operating hours for the collection and subsequent transportation of municipal solid wastes;

(47) "Transfer facility" means any transportation related facility including loading docks, parking areas, and other similar areas where shipments of solid waste are held or transferred during the normal course of transportation;

(48) "Collection box" means an unmanned receptacle utilized to collect municipal solid waste;

(49) "Newsprint" means that class or kind of paper chiefly used for printing newspapers and weighing more than twenty-four and one-half (24 1/2) pounds, but less than thirty-five (35) pounds for five hundred (500) sheets of paper two (2) feet by three (3) feet in size, on rolls that are not less than thirteen (13) inches wide and twenty-eight (28) inches in diameter and having a brightness of less than sixty (60);

(50) "Postconsumer waste paper" means discarded paper after it has served its intended use by a publisher;

(51) "Publisher" means a person engaged in the business of publishing newspapers, advertisement flyers, telephone books, and other printed material;

(52) "Recycled content" means the proportion of fiber in newsprint that is derived from postconsumer waste paper;

(53) "Tire-derived fuel" or "TDF" means a product made from waste tires to the exact specifications of a system designed to accept tire-derived fuel as a primary or supplemental fuel source, that have been reduced to particle sizes not greater than two (2) inches by two (2) inches and that is destined for transportation from the waste tire processor for use as a fuel. "Tire-derived fuel" shall not mean refuse-derived fuel;

(54) "Industrial energy facility" means a facility that produces transportation fuels, synthetic natural gas, chemicals, or electricity through a gasification process using coal, coal waste, or biomass resources, and costing in excess of seven hundred fifty million dollars ($750,000,000) at the time of construction;

(55) "Advanced recycling" means a manufacturing process for the conversion of post-use polymers and recovered feedstocks into basic hydrocarbon raw materials, feedstocks, chemicals, and other products through processes that include pyrolysis, gasification, depolymerization, catalytic cracking, reforming, hydrogenation, solvolysis, and other similar technologies. "Advanced recycling" does not include energy recovery or the conversion of post-use polymers into fuel substitutes for use in energy production;

(56) "Advanced recycling facility" means a manufacturing facility that receives, stores, and converts post-use polymers and recovered feedstocks it receives using advanced recycling;

(57) "Depolymerization" means a manufacturing process where post-use polymers are broken into smaller molecules such as monomers and oligomers or raw, intermediate, or final products, plastics and chemical feedstocks, basic and unfinished chemicals, waxes, lubricants, coatings, and other basic hydrocarbons;

(58) "Gasification" means a process through which post-use polymers and recovered feedstocks are heated and converted into a fuel and gas mixture in an oxygen-deficient atmosphere, and then converted into raw, intermediate, and final products;

(59) "Post-use polymer" means a plastic polymer that:

(a) Is derived from any industrial, commercial, agricultural, or domestic activities;

(b) Is not mixed with solid waste or hazardous waste on-site or during processing at the advanced recycling facility;

(c) Has a use or intended use as a feedstock for the manufacturing of other feedstocks, raw materials, intermediate products, or final products using advanced recycling;

(d) Has been sorted from solid waste and other regulated waste, but may contain residual amounts of solid waste and incidental contaminants or impurities; and

(e) Is processed at an advanced recycling facility or held at such facility prior to processing;

(60) "Pyrolysis" means a manufacturing process through which post-use polymers are heated in the absence of oxygen until melted and thermally decomposed, and are then cooled, condensed, and converted into raw materials, intermediate products, or final products;

(61) (a) "Recovered feedstock" means one (1) or more of the following materials that has been processed so that it may be used as feedstock in an advanced recycling facility:

1. Post-use polymers; and

2. Materials for which the United States Environmental Protection Agency has made a nonwaste determination pursuant to applicable federal requirements or has otherwise determined are feedstocks and not solid waste.

(b) "Recovered feedstock" does not include:

1. Unprocessed municipal solid waste; or

2. Material that is mixed with solid waste or hazardous waste on-site or during processing at an advanced recycling facility;~~[and]~~

(62) "Solvolysis" means a manufacturing process through which post-use polymers are purified with the aid of solvents while heated at low temperatures or pressurized to make raw materials, intermediate products, or final products, while allowing additives and contaminants to be removed. "Solvolysis" includes but is not limited to hydrolysis, aminolysis, ammonolysis, methanolysis, and glycolysis***; and***

(63) "Wellhead protection area" means and includes all wellhead protection areas as defined in 42 U.S.C. sec. 300h-7(e) and as determined by the cabinet pursuant to its obligations under 42 U.S.C. sec. 300h-7(a).

➔Section 2. KRS 224.1-300 is amended to read as follows:

~~[(1)]~~For purposes of KRS 224.1-300 and 224.1-310 only***:***~~[,]~~

(1) "Pollution control facility" ***means and includes***~~[shall mean and include]~~:

(a) Any property designed, constructed, or installed as a component part of any commercial or industrial premises for the primary purpose of eliminating or reducing the emission of, or ground level concentration of, particulate matter, dust, fumes, gas, mist, smoke, vapor, or odorous substances, or any combination thereof which renders air harmful or inimical to the health of persons or to property within this Commonwealth;

(b) Any disposal system or any treatment works, pretreatment works, appliance, equipment, machinery, or installation constructed, used, or placed in operation primarily for the purpose of reducing, controlling, or eliminating thermal pollution or water pollution caused by industrial waste, or what would be industrial waste, if discharged into the waters of the Commonwealth;

(c) Any disposal system or any appliance, equipment, machinery or installation constructed, used or placed in operation primarily for disposing of waste, converting waste into an item of real economic value or converting hazardous waste to nonhazardous waste;

(d) Any property designed, constructed, or installed as a component part of any commercial or industrial premises for the primary purpose of eliminating or reducing the emission of sound which is harmful or inimical to the health of persons or to property, or materially reduces the quality of the environment in this Commonwealth; ***or***

(e) Any property designed, constructed, or installed for the primary purpose of removing substances from raw materials, which substances, if permitted to become a component part of the finished product, would have a deleterious effect on the environment when the finished product was utilized***;***~~[.]~~

(2) "Industrial waste" means any liquid, gaseous, or solid waste substance resulting from any process of industry, manufacture, trade, or business, or from the development, processing, or recovery of any natural resource, together with such sewage as is present, which pollutes the waters of the Commonwealth***;***~~[.]~~

(3) "Solid waste" means any garbage, refuse, sludge from a waste treatment plant, water supply treatment plant, or air pollution control facility and other discarded material, including solid, liquid, semi-solid, or contained gaseous material resulting from industrial, commercial, mining (excluding coal mining waste), and agricultural operations, and from community activities, but does not include solid or dissolved material in domestic sewage, or solid or dissolved materials in irrigation return flows or industrial discharges which are point sources subject to permits under Section 402 of the Federal Water Pollution Control Act, as amended (86 Stat. 880), or source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (68 Stat. 923)***;*** ~~[.]~~

(4) "Treatment works" means any plant, disposal field, lagoon, dam, pumping station, incinerator, or other works used for the purpose of treating, stabilizing, or holding sewage, industrial waste, or other wastes***;*** ~~[.]~~

(5) "Water pollution" ***means*** ~~[shall mean]~~ the placing of any noxious or deleterious substances in any waters of the Commonwealth which render such waters harmful or inimical to aquatic life, or to the use of such waters for domestic water supply, or industrial or agricultural purposes or for recreation***;*** ~~[.]~~

(6) "Waters of the Commonwealth" means all streams, lakes, ponds, marshes, watercourses, waterways, wells, springs, irrigation systems, drainage systems, and all other bodies or accumulations of water, surface and underground, natural or artificial, which are situated wholly or partly within, or border upon, this Commonwealth, or are within its jurisdiction, except those private waters which do not combine or effect a junction with natural surface or underground waters***;*** ~~[.]~~

(7) "Cabinet" ***means*** ~~[shall mean]~~ the ~~[Kentucky]~~ Energy and Environment Cabinet***; and*** ~~[.]~~

(8) "Pollution control tax exemption certificate" ***means*** ~~[shall mean]~~ that certificate issued by the cabinet pursuant to KRS 224.1-310.

➔Section 3. KRS 350.010 is amended to read as follows:

As used in this chapter, unless the context requires otherwise:

(1) "Surface coal mining operations" means activities conducted on the surface of lands in connection with a surface coal mine and surface impacts incident to an underground coal mine. The activities shall include excavation for the purpose of obtaining coal, including such common methods as contour, strip, auger, extended depth secondary recovery systems, mountaintop removal, box cut, open pit, and area mining, the use of explosives and blasting, and in situ distillation or retorting, leaching, or other chemical or physical processing, and cleaning, concentrating, or other processing or preparation, and the loading of coal at or near the mine site. Excavation for the purpose of obtaining coal includes extraction of coal from refuse piles. The activities shall not include the extraction of coal by a landowner of fifty (50) tons or less within twelve (12) successive calendar months for his own noncommercial use from land owned or leased by him; the extraction of twenty-five (25) to two hundred fifty (250) tons of coal as an incidental part of privately financed construction where the coal is donated to a charitable or educational organization for noncommercial use or noncommercial distribution; the extraction of coal as an incidental part of federal, state, or local government financed highway or other construction under administrative regulations established by the cabinet; the extraction of, or intent to extract, twenty-five (25) tons or less of coal by any person by surface coal mining operations within twelve (12) successive calendar months; the extraction of coal incidental to the extraction of other minerals where coal does not exceed sixteen and two-thirds percent (16-2/3%) of the tonnage of minerals removed for purposes of commercial use or sale; or coal exploration subject to KRS 350.057. Surface coal mining operations shall also include the areas upon which the activities occur or where the activities disturb the natural land surface. The areas shall also include any adjacent land, the use of which is incidental to the activities, all lands affected by the construction of new roads or the improvement or use of existing roads to gain access to the site of the activities and for haulage, and excavations, workings, impoundments, dams, ventilation shafts, entryways, refuse banks, dumps, stockpiles, overburden piles, spoil banks, culm banks, tailings, holes or depressions, repair areas, storage areas, processing areas, shipping areas, and other areas upon which are sited structures, facilities, or other property or materials on the surface resulting from or incident to the activities. This definition shall include the terms "strip mining" of coal and the "surface effects of underground mining" of coal as used in this chapter;

(2) "Strip mining" means the breaking of the surface soil in order to facilitate or accomplish the extraction or removal of minerals, ores, or other solid matter; any activity or process constituting all or part of a process for the extraction or removal of minerals, ores, and other solid matter from its original location; and the preparation, washing, cleaning, or other treatment of minerals, ores, or other solid matter so as to make them suitable for commercial, industrial, or construction use; but shall not include the extraction of coal by a

landowner for his own noncommercial use of fifty (50) tons or less within twelve (12) successive calendar months from land owned or leased by him; the extraction of coal as an incidental part of federal, state, or local government financed highway or other construction under administrative regulations established by the cabinet; the extraction of, or intent to extract, twenty-five (25) tons or less of coal by any person by surface coal mining operations within twelve (12) successive calendar months; the extraction of coal incidental to the extraction of other minerals where coal does not exceed sixteen and two-thirds percent (16-2/3%) of the tonnage of minerals removed for purposes of commercial use or sale; coal exploration subject to KRS 350.057; nor shall it include the surface effects or surface impacts of underground coal mining;

(3) "Surface coal mining and reclamation operations" means surface coal mining operations and all activities necessary and incident to the reclamation of the operations as required by this chapter;

(4) "Overburden" means material of any nature, consolidated or unconsolidated, excluding topsoil, which lies above a natural deposit of coal and also means the material after removal from its natural state in the process of surface coal mining;

(5) "Area of land affected" means any area of land or water upon which surface coal mining and reclamation operations are conducted or located or are to be conducted or located;

(6) "Operations" means surface coal mining operations, all of the premises, facilities, roads, and equipment used in the process of producing coal from a designated area or removing overburden for the purpose of determining the location, quality, or quantity of a natural coal deposit or the activity to facilitate or accomplish the extraction or the removal of coal;

(7) "Method of operation" means the method or manner by which the cut or open pit is made, the overburden is placed or handled, water is controlled, and other acts are performed by the operator in the process of uncovering and removing the coal;

(8) "Operator" means any person, partnership, or corporation engaged in surface coal mining operations who removes or intends to remove more than twenty-five (25) tons of coal from the earth by coal mining within twelve (12) consecutive calendar months in any one (1) location;

(9) "Person" means any individual, partnership, corporation, association, society, joint stock company, firm, company, or other business organization and shall also include any agency, unit, or instrumentality of federal, state, or local government including any publicly-owned utility or publicly-owned corporation of federal, state, or local government;

(10) "Cabinet" means the Energy and Environment Cabinet;

(11) "Secretary" means the secretary of the Energy and Environment Cabinet;

(12) "Reclamation" means the reconditioning of the area affected by surface coal mining operations under a plan approved by the cabinet;

(13) "Degree" when used in this chapter shall mean from the horizontal, and in each case shall be subject to a tolerance of five percent (5%) of error;

(14) "Bench" means the ledge, shelf, or terrace formed in the contour method of strip mining;

(15) "Approximate original contour" means that surface configuration achieved by backfilling and grading of the mined area so that the reclaimed area, including any terracing or access roads, closely resembles the general surface configuration of the land prior to mining and blends into and complements the drainage pattern of the surrounding terrain, with all highwalls and spoil piles eliminated; water impoundments may be permitted where the cabinet determines that they are in compliance with KRS 350.455;

(16) "Certification" by a qualified registered professional engineer, as required by this chapter and administrative regulations promulgated hereunder, means a good faith representation to the best of his or her knowledge and belief, based on adequate knowledge of the requirements of this chapter and administrative regulations promulgated hereunder, related experience, best professional judgment, accepted engineering practices and recognized professional standards, and standard practice as it relates to direct participation by the registered professional engineer or supervision of the registered professional engineer's employees or subordinates. Certification shall not be construed to constitute a warranty or guarantee;

(17) "Reclamation development fund" means only that reconditioning of land affected by surface mining, which will directly promote and benefit the fund administered by the Kentucky Economic Development Finance Authority to foster economic development on surface mining land;

(18) "Reclamation development project" means only that reconditioning of land affected by surface mining, which will directly promote and benefit an economic undertaking which constitutes a project under KRS 154.1-010(20);

(19) "Reclamation development plan" means a plan submitted to the cabinet to show compliance with reclamation standards, and submitted to the Kentucky Economic Development Finance Authority to seek moneys from the reclamation development fund for a reclamation development project;

(20) "Permit applicant" or "applicant" means a person applying for a permit;

(21) "Permittee" means a person holding a permit to conduct surface coal mining and reclamation operations;

(22) "Unanticipated event or condition" as used in KRS 350.085(7) means an event or condition encountered in a remining operation that was not contemplated by the applicable surface coal mining and reclamation permit;

(23) "Lands eligible for remining" means those lands that would otherwise be eligible for expenditures under KRS 350.560(1) or (2);

(24) "Coal combustion by-products" means fly ash, bottom ash, scrubber sludge, and waste from fluidized bed combustion, produced by the combustion of coal. Coal combustion by-products do not include boiler slag, or residues of refuse derived fuels, such as municipal solid waste, tires, and solvents;

(25) "NAD 83" means the North American Datum, 1983 version, in feet units;~~[and]~~

(26) "Single Zone Projection" means the Kentucky Single Zone State Plane Coordinate System of 1983, based on the Lambert Conformal map projection with double standard parallels on the North American Datum, as established in 10 KAR 5:010***; and***

(27) "Long-term treatment" means the use of any active or passive water treatment necessary to meet water quality effluent standards at the time the cabinet determines, in accordance with the administrative regulations promulgated by the cabinet relating to performance bond release, that a permittee has completed backfilling, regrading, topsoil replacement, and drainage control, including soil preparation, initial seeding, and mulching, pursuant to the approved reclamation plan, and that a report for the area has been duly submitted to the cabinet.

➔Section 4. KRS 350.060 is amended to read as follows:

(1) (a) No person shall engage in surface coal mining and reclamation operations without having first obtained from the cabinet a permit designating the area of land affected by the operation. Permits shall authorize the permittee to engage in surface coal mining and reclamation operations upon the area of land described in his application for a period not to exceed five (5) years. However, if an applicant demonstrates that a specified longer term is reasonably needed to obtain necessary financing for equipment and the opening of the operation and if the application is full and complete for the specified longer term, the cabinet may grant a permit for the longer term. No mining shall be permitted beyond the time period obligations of the initial or extended bond coverage.

(b) Subject to the provisions of KRS 350.010(1) and (2), no person shall knowingly and willfully receive, transport, sell, convey, transfer, trade, exchange, donate, purchase, deliver, or in any way derive benefit from coal removed from any surface mining operation which does not have a permit as required under this section.

(2) No permit or revision application shall be approved unless the application affirmatively demonstrates, and the cabinet finds in writing on the basis of the information set forth in the application or from information otherwise available, that the permit application is accurate and complete and that all the requirements of this chapter have been complied with.

(3) A person desiring a permit to engage in surface coal mining operations shall file an application which shall state:

(a) The location and area of land to be affected by the operation, with a description of access to the area from the nearest public highways;

(b) The owner or owners of the surface of the area of land to be affected by the permit and the owner or owners of all surface area adjacent to any part of the affected area;

(c) The owner or owners of the coal to be mined;

(d) The source of the applicant's legal right to mine the coal on the land affected by the permit;

(e) The permanent and temporary post office addresses of the applicant, which shall be updated immediately if changed at any point prior to final bond release;

(f) Whether the applicant or any person, partnership, or corporation associated with the applicant holds or has held any other permits under this chapter, and an identification of the permits;

(g) The names and addresses of every officer, partner, director, or person performing a function similar to a director of the applicant, together with the names and addresses of any individual owning of record ten percent (10%) or more of any class of voting stock of the applicant, and whether the applicant or any person is subject to any of the provisions of subsection (3) of KRS 350.130 and he shall so certify. The permittee shall submit updates of this information as changes occur or as otherwise provided by administrative regulation; however, failure to submit updated information shall constitute a violation of this chapter only upon the permittee's refusal or failure to timely submit the information to the cabinet upon request. Upon receipt of updated information satisfactory to the cabinet, the cabinet shall promptly update its computer system containing the information;

(h) A listing of any violations of this chapter, Public Law 95-87, and any law, rule, or regulation in effect for the protection of air or water resources incurred by the applicant in connection with any surface coal mining and reclamation operation during the three (3) year period prior to the date of an application. The list shall indicate the final resolution of the violations; and

(i) Whether the area of land to be affected by the operation has been previously mined and is in compliance with current reclamation standards, and, if not, identify the needed reclamation work.

(4) The application for a permit shall be accompanied by an official document, and an affidavit attesting to the document's authenticity, which will evidence what particular business entity the applicant is, whether a foreign or domestic corporation, a partnership, an entity doing business as another, or, if sole proprietorship, an affidavit so stating.

(5) The application for a permit shall be accompanied by copies, in numbers satisfactory to the cabinet, of a United States Geological Survey topographic map or other map acceptable to the cabinet on which the applicant has indicated the location of the operation, the course which would be taken by drainage from the operation to the stream or streams to which the drainage would normally flow, the name of the applicant and date, and the name of the person who located the operation on the map.

(6) The application for a permit shall be accompanied by copies, in numbers satisfactory to the cabinet, of an enlarged United States Geological Survey topographic map or other map acceptable to the cabinet meeting the requirements of paragraphs (a) to (i) of this subsection. The map shall:

(a) Be prepared and certified by a professional engineer registered under the provisions of KRS Chapter 322. The certification shall be in the form as provided in subsection (8) of this section, except that the engineer shall not be required to certify the true ownership of property under paragraph (d) of this subsection;

(b) Identify the area to correspond with the application;

(c) Show adjacent deep mining;

(d) Show the boundaries of surface properties and names of owners of the affected area and adjacent to any part of the affected area;

(e) Be of a scale of 1:24,000 or larger;

(f) Show the names and locations of all streams, creeks, or other bodies of public water, roads, buildings, cemeteries, oil and gas wells, and utility lines on the area of land affected within three hundred (300) feet of an as-drilled oil or gas well, but as-drilled locations of oil and gas wells shall be certified only by a licensed surveyor and the well locations shall be entered in coordinates in feet units, using NAD 83, with Single Zone Projection, as those terms are defined in KRS 350.010;

(g) Show by appropriate markings the boundaries of the area of land affected, the cropline of the seam or deposit of coal to be mined, and the total number of acres involved in the area of land affected;

(h) Show the date on which the map was prepared, the north point, and the quadrangle name; and

(i) Show the drainage plan on and away from the area of land affected. The plan shall indicate the directional flow of water, constructed drainways, natural waterways used for drainage, and the streams or tributaries receiving the discharge.

(7) Each application shall include a determination of the probable hydrologic consequences of the mining and reclamation operations, both on and off the mine site, with respect to the hydrologic regime, quantity and quality of water in surface and groundwater systems, including the dissolved and suspended solids under seasonal flow conditions, and the collection of sufficient data for the mine site and surrounding areas so that an assessment can be made by the cabinet of the probable cumulative impacts of all anticipated mining in the area upon the hydrology of the area and particularly upon water availability. This determination shall not be required until the time hydrologic information on the general area prior to mining is made available from an appropriate federal or state agency. The permit shall not be approved until the information is available and is incorporated into the application.

(8) All certifications required by this chapter to be made by professional engineers shall be done in the form prescribed by the cabinet and shall be reasonably specific as to the work being certified. The cabinet may reject any document or map as incomplete if it is not properly certified.

(9) In addition to the information and maps required above, each application for a permit shall be accompanied by detailed plans or proposals showing the method of operation; the manner, time, and distance for backfilling; grading work; and a reclamation plan for the affected area, which proposals shall meet the requirements of this chapter and administrative regulations adopted pursuant thereto.

(10) The application for a permit shall be accompanied by proof that the applicant has public liability insurance coverage satisfactory to the cabinet for the surface mining and reclamation operations for which the permit is sought, or proof that the applicant has satisfied self-insurance requirements as provided by administrative regulations of the cabinet. The coverage shall be maintained in full force and effect during the terms of the permit and any permit renewal, and until reclamation operations are completed.

(11) ***(a)*** A basic fee set by administrative regulation, and bearing a reasonable relationship to the cost of processing the permit application but not to exceed two thousand five hundred dollars ($2,500), plus a fee set by administrative regulation but not to exceed seventy-five dollars ($75), for each acre or fraction thereof of the area of land to be affected by the operation, shall be paid before the permit required in this section shall be issued; provided that if the cabinet approves an incremental bonding plan submitted by the applicant, the acreage fees may be paid in increments and at times corresponding to the approved plan.

(b) The applicant shall file with the cabinet a bond payable to the Commonwealth of Kentucky with surety satisfactory to the cabinet in the sum to be determined by the cabinet for each acre or fraction thereof of the area of land affected, with a minimum bond of ten thousand dollars ($10,000), conditioned upon the faithful performance of the requirements set forth in this chapter and of the administrative regulations of the cabinet. The cabinet shall forfeit the entire amount of the bond for the permit area or increment in the event of forfeiture.

(c) In determining the amount of the bond, the cabinet shall take into consideration the***:***

1. Character and nature of the overburden;

2. ~~[the]~~Future suitable use of the land involved;

3. ~~[the]~~Cost of backfilling, grading, and reclamation to be required; and

4. ~~[the]~~Probable difficulty of reclamation, giving consideration to such factors as topography, geology, hydrology, and revegetation potential.

(d) The bond amount shall initially be computed to be sufficient to ensure completion of reclamation if the work had to be performed by the cabinet in the event of forfeiture.

(e) For any permit or permit increment identified by the cabinet as requiring long-term treatment, the cabinet shall calculate an additional bond or other financial assurance instrument amount based on the estimated annual treatment cost, provided by the permittee and verified by the cabinet, multiplied by a factor of twenty-five (25), plus any capital cost of the treatment system. The cabinet shall use its own estimate for annual treatment costs if the cabinet cannot verify the permittee's estimate.

(f) Within thirty (30) days of a cabinet determination of a need to change a bond protocol currently in use, the cabinet shall immediately promulgate administrative regulations setting forth bonding requirements, including but not limited to requirements for the amount, duration, release, and forfeiture of bonds. Bond protocols shall not be exempt from KRS 13A.100 and shall be established by promulgating administrative regulations under KRS Chapter 13A. Failure to include the formula for establishing the

amount of the bond in any administrative regulation on bonding requirements shall be deemed a failure to comply with the prescriptions of this section and the administrative regulation shall automatically be declared deficient in accordance with KRS Chapter 13A.

(12) The cabinet shall promulgate administrative regulations for the permitting of operations with surface effects of underground mining and other surface coal mining and reclamation operations consistent with this section. The cabinet shall recognize the distinct differences between the surface effects of underground mining and strip mining, as also provided in KRS 350.151, in promulgating permitting requirements for these operations.

(13) Any valid permit issued pursuant to this chapter shall carry with it the right of successive renewal upon expiration with respect to areas within the boundaries of the existing permit. An applicant for renewal of a permit shall pay a basic fee set by regulation, not to exceed seven hundred fifty dollars ($750). The holders of the permit may apply for renewal and the renewal shall be issued, provided that on application for renewal the burden shall be on the opponents of renewal, subsequent to the fulfillment of the public notice requirements of this chapter, unless it is established and written findings by the cabinet are made that:

(a) The terms and conditions of the existing permit are not being satisfactorily met;

(b) The present surface coal mining and reclamation operation is not in compliance with the environmental protection standards of this chapter;

(c) The renewal requested substantially jeopardizes the applicant's continuing responsibility on existing permit areas;

(d) The applicant has not provided evidence that the performance bond in effect for the operation will continue in full force and effect for any renewal requested in the application as well as any additional bond the cabinet might require; or

(e) Any additional revised or updated information required by the cabinet has not been provided.

Prior to the approval of any renewal of permit, the cabinet shall provide notice to the appropriate public authorities.

(14) If an application for renewal of a valid permit includes a proposal to extend the mining operation beyond the boundaries authorized in the existing permit, the portion of the application for renewal of a valid permit which addresses any new areas of surface disturbance shall be subject to the full standards applicable to new applications under this chapter.

(15) Any permit renewal shall be for a term not to exceed the period of the original permit. Application for permit renewal shall be made at least one hundred twenty (120) days prior to the expiration of the valid permit.

(16) Notwithstanding any of the provisions of this section, a permit shall terminate if the permittee has not commenced the surface coal mining operations covered by the permit within three (3) years of the issuance of the permit. However, the cabinet may grant reasonable extensions of time upon a showing that the extensions are necessary by reason of litigation precluding commencement of operations, or threatening substantial economic loss to the permittee, or by reason of conditions beyond the control and without the fault or negligence of the permittee. With respect to coal to be mined for use in a synthetic fuel facility or specific major electric generating facility, the permittee shall be deemed to have commenced surface mining operations at the time the construction of the synthetic fuel or generating facility is initiated.

(17) Each application for a permit or revision for auger mining on a previously mined area shall contain information to describe the area to be affected, to show that the proposed method of operation will result in stable post-mining conditions, and reduce or eliminate adverse environmental conditions created by previous mining activities. If the cabinet determines that the affected area cannot be stabilized and reclaimed subsequent to augering or that the operation will result in an adverse impact to the proposed or adjacent area, the permit or revision shall not be issued. The cabinet shall, consistent with all applicable requirements of this chapter, issue a permit or revision if the applicant demonstrates that the proposed coal mining operations will provide for reduction or elimination of the highwall, or reduction or abatement of adverse impacts resulting from past mining activities, or stabilization or enhancement of a previously mined area. The cabinet shall insure that all reasonably available spoil material will be used to backfill the highwall to the extent practical and feasible; provided, however, that in all cases the holes be properly sealed and backfilled to a minimum of four (4) feet above the coal seam being mined.

(18) All operations involving the loading of coal which do not separate the coal from its impurities, and which are not located at or near the mine site, shall be exempt from the requirements of this chapter.

➔Section 5. Whereas it is critical to the orderly administration of the Commonwealth's environmental protection laws that waters be properly defined, and critical to the health and safety of the citizens of the Commonwealth that appropriate financial assurance be obtained to address long-term post-mining water discharges in the event of operator default, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Veto Overridden March 27, 2025.

CHAPTER 120

(HB 4)

AN ACT relating to initiatives regarding diversity, equity, and inclusion.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

As used in Sections 1 to 6 of this Act:

(1) "Affiliated organization" means an entity whose primary purpose includes supporting or benefitting an institution or an officer, director, or employee of an institution;

(2) "Bias incident" means noncriminal conduct that is alleged to constitute an act or statement against a particular group or individual because of the group's or individual's religion, race, sex, color, or national origin, or perceived religion, race, sex, color, or national origin;

(3) "Binding contract" means any grant, endowment, settlement agreement, commercial contract, or other legally enforceable agreement entered into by or on behalf of an institution;

(4) "Council" means the Council on Postsecondary Education;

(5) "Differential treatment or benefits" means differential, preferential, or prejudicial treatment or consideration and includes the conferring or withholding of a benefit;

(6) "Discriminatory concept" means a concept that justifies or promotes differential treatment or benefits conferred to individuals on the basis of religion, race, sex, color, or national origin, unless the differential treatment or benefit is:

(a) Excluded from a diversity, equity, and inclusion initiative under an exclusion set forth in subsection (7)(b) of this section; or

(b) Established or required by law, including but not limited to differential treatment or benefits on the basis of citizenship status;

(7) "Diversity, equity, and inclusion initiative":

(a) Means a policy, practice, or procedure designed or implemented to promote or provide differential treatment or benefits to individuals on the basis of religion, race, sex, color, or national origin, including but not limited to any such policy, practice, or procedure related to employment, employee recruitment, employee hiring, employee promotion, contracts, contract renewal, student recruitment, student admission, student housing, financial assistance, and scholarship awards; and

(b) Does not include:

1. A policy, practice, procedure, office, employee, training, program, or activity that is required pursuant to:

a. The Americans with Disabilities Act of 1990, 42 U.S.C. sec. 12101 et seq., as amended;

b. The Individuals with Disabilities Education Act, 20 U.S.C. sec. 1400 et seq., as amended;

c. The Federal Age Discrimination in Employment Act of 1967, 29 U.S.C. sec. 621 et seq., as amended;

d. The federal Civil Rights Act of 1964, Pub. L. No. 88-352, as amended;

e. Title IX of the Education Amendments of 1972, 20 U.S.C. sec. 1681 et seq.;

f. The Religious Freedom Restoration Act of 1993, 42 U.S.C. 21B sec. 2000bb et seq.;

g. The Kentucky Religious Freedom Restoration Act, KRS 446.350;

h. Any other applicable federal or state law;

i. A court order; or

j. A binding contract entered into prior to the effective date of this Act;

2. A bona fide qualification or accommodation based on sex that is historically maintained in the usual course of operating an institution, including but not limited to:

a. Sex-based athletic eligibility restrictions;

b. Sex-based fraternal organization membership restrictions;

c. Sex-based restrictions required to establish or maintain separate living facilities for members of a single biological sex; or

d. Bona fide occupational qualifications reasonably necessary to the normal operation of the institution;

3. A bona fide accommodation based on religion that is required under any applicable federal or state law;

4. Differential treatment or benefits necessary to provide medical treatment or information; or

5. Services and programming of resource centers, provided that the participation of each student, faculty member, staff member, and volunteer in each resource center program is optional, not mandatory, and that access to center services is not restricted on the basis of religion, race, sex, color, or national origin;

(8) "Diversity, equity, and inclusion office" means a nonacademic office, division, or other unit of an institution that is:

(a) Responsible for developing, implementing, or promoting a discriminatory concept, a diversity, equity, and inclusion training, or a diversity, equity, and inclusion initiative, regardless of whether the office is designated by the institution as a diversity, equity, and inclusion office; and

(b) Not expressly required pursuant to applicable federal or state law, a court order, or a binding contract entered into prior to the effective date of this Act;

(9) "Diversity, equity, and inclusion officer" means an employee, contractor, or volunteer:

(a) Whose responsibilities include developing, implementing, or promoting a discriminatory concept, diversity, equity, and inclusion training, or a diversity, equity, and inclusion initiative outside of the context of academic courses or instruction, regardless of whether the position is designated as a diversity, equity, and inclusion position or affiliated with a diversity, equity, and inclusion office; and

(b) Who serves in a role that is not expressly required pursuant to applicable federal or state law, a court order, or a binding contract entered into prior to the effective date of this Act;

(10) "Diversity, equity, and inclusion training" means a training, conference, presentation, meeting, or professional development that:

(a) Contains, implements, or promotes a discriminatory concept;

(b) Is not expressly required pursuant to applicable federal or state law, a court order, or a binding contract entered into prior to the effective date of this Act; and

(c) Does not include academic courses or instruction;

(11) "Governing board" means the governing board of an institution;

(12) "Indoctrinate" means to imbue or attempt to imbue another individual with an opinion, point of view, or principle without consideration of any alternative opinion, point of view, or principle;

(13) "Institution" means a public postsecondary education institution and includes all programs, departments, divisions, offices, centers, colleges, student governments, affiliated organizations, and any individual acting

in an official capacity on behalf of a public postsecondary institution and does not include student organizations;

(14) "Resource" means:

(a) Moneys appropriated by the General Assembly;

(b) Moneys or items of value derived from bequests, charges, deposits, donations, endowments, fees, grants, gifts, income, receipts, tuition, or any other source;

(c) Materials and other physical resources;

(d) Digital resources, including an official website, digital application, or social media page of an institution; or

(e) Faculty, staff, volunteers, and other human resources;

(15) "Resource center" means a center maintained by an institution that offers services or programming for students, faculty, staff, and volunteers, including but not limited to centers that offer academic, health, religious, disability, community, and career resources, services, and support; and

(16) "Student-on-student harassment" means unwelcome conduct directed toward a student by another student that is so severe, pervasive, and objectively offensive that it effectively denies equal access to an educational opportunity or benefit.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

(1) An institution shall not:

(a) Except as provided in subsection (2)(n) and (o) of this section, provide any differential treatment or benefits to an individual, including a candidate or applicant for employment, promotion, contract, contract renewal, or admission, on the basis of the individual's religion, race, sex, color, or national origin;

(b) Discriminate in student admissions on the basis of religion, race, sex, color, or national origin;

(c) Except as provided in subsection (2)(l) of this section:

1. Impose any scholarship criteria or scholarship eligibility restriction on, or provide differential treatment or benefits to, a scholarship applicant, candidate, or recipient on the basis of an individual's religion, race, sex, color, or national origin; or

2. Execute or renew any legally binding restriction that would require an institution to consider the religion, race, sex, color, or national origin of a scholarship applicant, candidate, or recipient;

(d) Prioritize or provide preferential consideration for vendors, contracts, or other transactions based upon the religion, race, sex, color, or national origin of the ownership, management, or staff of any business or nonprofit entity, except that the institution may provide preferential consideration for businesses owned by residents of Kentucky and the United States;

(e) Make student housing assignments on the basis of religion, sex, race, color, or national origin unless an exception is necessary to:

1. Maintain separate living facilities for members of a single biological sex; or

2. Permit need-based access to student housing facilities during school breaks, provided that room assignments are not implemented in a discriminatory manner or segregated by religion, race, color, or national origin;

(f) Initiate an investigation of a bias incident unless the general counsel for the institution authorizes the investigation and certifies in writing that the investigation is necessary because the conduct being investigated:

1. May rise to the level of student-on-student harassment if all facts alleged are taken as true; or

2. Is subject to mandatory investigation pursuant to applicable state or federal law;

(g) Hold a hearing, tribunal, or other disciplinary proceeding on a bias incident unless the general counsel for the institution authorizes the hearing and certifies in writing, after a review of all

relevant evidence, that the hearing is necessary to ensure compliance with applicable state or federal law;

(h) Expend any resources to:

1. Establish or maintain a diversity, equity, and inclusion office;

2. Contract or employ an individual to serve as a diversity, equity, and inclusion officer;

3. Provide diversity, equity, and inclusion training or contribute to any cost associated with planning, promoting, hosting, traveling to, attending, presenting, or otherwise participating in diversity, equity, and inclusion training; or

4. Establish or maintain a diversity, equity, and inclusion initiative;

(i) On an application for employment, promotion, contract, contract renewal, admission, housing, financial aid, or scholarship, compel, solicit, or consider any pledge or statement on an applicant's experience with or views on religion, race, sex, color, or national origin, except an institution may:

1. If an applicant for admission or scholarship submits an unsolicited statement concerning how a matter relating to religion, race, sex, color, or national origin affected his or her life, consider the statement but shall not provide differential treatment or benefits based upon the race, sex, religion, color, or national origin of the applicant; and

2. Require an applicant for housing to disclose his or her biological sex for the purpose of maintaining separate living facilities for members of a single biological sex;

(j) Require any student to enroll in or complete an academic course of which the primary purpose is to indoctrinate participants with a discriminatory concept; or

(k) Require or incentivize students, faculty, or staff to attend a diversity, equity, and inclusion training.

(2) Notwithstanding subsection (1) of this section, nothing in this section shall be construed to apply to or affect any of the following:

(a) Rights secured by the First Amendment of the United States Constitution or Section 1 of the Constitution of Kentucky;

(b) Academic course content or instruction;

(c) Academic freedom of faculty, students, and student organizations;

(d) Academic research or creative works by an institution's students, faculty, or research personnel;

(e) The distribution of grant funding for academic research;

(f) Religious freedom of faculty, students, and student organizations;

(g) Publications and the freedom of expression of student newspapers and university press;

(h) Activities, funding, conduct, speech, and freedom of association of student-led organizations, or the conduct or speech of students acting in their individual capacity;

(i) Activities, programs, and initiatives for military veterans, Pell Grant recipients, first-generation college students, low-income students, nontraditional students, transfer students from the Kentucky Community and Technical College System, or students with unique abilities;

(j) Arrangements for guest speakers and performers with short-term engagements, including those invited by students or faculty;

(k) The purchase of materials for university library inventory and the access of the public to university library inventory;

(l) Endowments for privately funded scholarships that existed before the effective date of this Act that require an institution to consider the religion, race, sex, color, or national origin of a scholarship applicant or candidate until the balance of corpus is exhausted;

(m) Mental or physical health services provided by certified or licensed professionals;

(n) A bona fide qualification or accommodation based on biological sex that is historically maintained in the usual course of operating an institution and does not constitute a diversity, equity, and inclusion initiative;

(o) A bona fide qualification based on national origin that is related to the eligibility of an individual for a visa;

(p) A bona fide accommodation based on religion that is necessary to comply with federal or state law;

(q) The ability of an institution to investigate criminal acts or acts of discrimination in accordance with applicable federal or state law;

(r) Programs or measures required for institutional accreditations; or

(s) Programs or measures intended to enable the collection of demographic data.

(3) Notwithstanding subsection (1) of this section, nothing in this section shall be construed to prohibit programs, procedures, policies, and other initiatives deemed by the institution's general counsel to be required for compliance with federal or state law, a court order, or a binding contract entered into prior to the effective date of this Act.

(4) Each governing board shall ensure compliance with this section no later than June 30, 2025.

(5) Beginning July 1, 2026, each institution shall submit an annual certification to the council that:

(a) Is signed by president of the institution or the chief financial officer of the institution; and

(b) Certifies that the institution has not spent money in violation of this section during the previous fiscal year.

(6) The Attorney General may bring a civil action for a writ of mandamus to compel an institution to comply with this section.

(7) (a) The Auditor of Public Accounts shall periodically conduct a compliance audit to determine whether an institution spent money in violation of subsection (1)(h) of this section. The Auditor shall adopt a schedule by which the Auditor will conduct these compliance audits, provided that they shall occur at least once every four (4) years.

(b) If the Auditor determines that an institution spent money in violation of subsection (1)(h) of this section, the Auditor shall notify the institution. The institution shall cure the violation within one hundred eighty (180) days from the date of the Auditor's notice. If the institution fails to cure the violation within that time, the institution shall be ineligible to receive formula funding increases pursuant to KRS 164.092 during the following fiscal year.

(c) If the institution disputes the Auditor's finding that it violated subsection (1)(h) of this section, then within thirty (30) days the institution may petition the Office of the Attorney General to evaluate the evidence and determine whether the violation occurred.

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

(1) No later than June 30, 2025, each governing board shall:

(a) Adopt a policy on viewpoint neutrality that prohibits discrimination on the basis of an individual's political or social viewpoint and promotes intellectual diversity within the institution; and

(b) Publish the amended policy in the institution's student handbook and faculty handbook and on a prominent, publicly accessible page of the institution's website.

(2) An institution shall not require any individual to endorse or condemn a specific ideology, political viewpoint, or social viewpoint to be eligible for hiring, contract renewal, tenure, promotion, admission, or graduation.

(3) The Attorney General may bring a civil action for a writ of mandamus to compel an institution to comply with this section.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

(1) The council shall not:

(a) Provide any differential treatment or benefits to an individual on the basis of the individual's religion, race, sex, color, or national origin;

(b) Expend any resources to:

1. Establish or maintain a diversity, equity, and inclusion office;

2. Contract with or employ an individual to serve as a diversity, equity, and inclusion officer;

3. Provide diversity, equity, and inclusion training or contribute to any cost associated with planning, promoting, hosting, traveling to, attending, presenting, or otherwise participating in diversity, equity, and inclusion training; or

4. Establish or maintain a diversity, equity, and inclusion initiative; or

(c) Compel, solicit, or consider as part of the employment application process any statements on the applicant's religion, race, sex, color, or national origin.

(2) Nothing in this section shall be construed to prohibit programs, procedures, policies, and other initiatives deemed by the council's general counsel to be required for compliance with federal or state law, a court order, or a binding contract entered into prior to the effective date of this Act.

(3) The council shall comply with this section no later than June 30, 2025.

(4) Beginning July 1, 2026, the council shall submit an annual certification to the Legislative Research Commission for referral to the appropriate Interim Joint Committee on Education that:

(a) Is signed by the president or budget director of the council; and

(b) Certifies that the council has not spent money in violation of this section during the previous fiscal year.

(5) The Attorney General may bring a civil action for a writ of mandamus to compel the council to comply with this section.

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

(1) No later than October 1 of each year, each institution shall submit a certified report to the Legislative Research Commission for referral to the appropriate Interim Joint Committee on Education, and shall publish the report to a prominent, publicly accessible location on the institution's website. Each report shall be certified by the institution's general counsel and contain a complete list and description of the nature, costs, and source of authority of all policies, programs, practices, and procedures of the institution that are:

(a) Designed or implemented to promote or provide differential treatment or benefits to individuals on the basis of religion, race, sex, color, or national origin; and

(b) Required pursuant to any applicable federal or state law, a court order, or a binding contract entered into prior to the effective date of this Act.

(2) An institution shall not claim, assert, or rely upon a governmental mandate as a defense to a civil action filed by the Attorney General under subsection (6) of Section 2 of this Act unless that mandate was listed and clearly and accurately described in:

(a) The institution's most recent annual report required by subsection (1) of this section prior to the date the events or omissions giving rise to the civil action occurred; or

(b) An addendum to the institution's most recent annual report required by subsection (1) of this section that was published:

1. Prior to the date the events or omissions giving rise to the civil action occurred; and

2. In the same location on the institution's website as the report required by subsection (1) of this section.

(3) This section shall expire on and have no force or effect after June 30, 2031, unless extended by an act of the General Assembly.

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

(1) No later than October 1, 2025, the council shall develop and publish an annual survey to assess intellectual freedom and viewpoint diversity using statistically valid survey techniques to evaluate the extent to which the students, faculty, and staff of an institution:

(a) Are exposed to a variety of ideological and political perspectives, including competing ideas and perspectives; and

(b) Feel at liberty to express their ideological and political viewpoints and beliefs on campus and in the classroom.

(2) By November 1 of each year, each institution shall administer the survey produced under subsection (1) of this section to all students, faculty, and staff of the institution. The communication distributing the survey shall be clearly identified and shall not be combined with any other communication.

(3) The institution shall provide students, faculty, and staff at least thirty (30) days from the date the survey is initially distributed to respond to the survey. The institution shall provide a reminder to students, faculty, and staff to complete the survey at least three (3) business days prior to the deadline to submit a response. The reminder shall be clearly identified and shall not be combined with any other communication.

(4) Each institution shall collect and store responses to the survey anonymously and securely.

(5) Each institution shall compile all responses to its survey into an annual report on intellectual freedom and viewpoint diversity to be submitted to the council no later than January 1 of each year. The council shall publish the annual report submitted by each institution to a prominent, publicly accessible location on the council's website no later than January 7 of each year.

(6) This section shall expire on and have no force or effect after June 30, 2031, unless extended by an act of the General Assembly.

➔Section 7. KRS 164.020 is amended to read as follows:

The Council on Postsecondary Education in Kentucky shall:

(1) Develop and implement the strategic agenda with the advice and counsel of the Strategic Committee on Postsecondary Education. The council shall provide for and direct the planning process and subsequent strategic implementation plans based on the strategic agenda as provided in KRS 164.0203;

(2) Revise the strategic agenda and strategic implementation plan with the advice and counsel of the committee as set forth in KRS 164.004;

(3) Develop a system of public accountability related to the strategic agenda by evaluating the performance and effectiveness of the state's postsecondary system. The council shall prepare a report in conjunction with the accountability reporting described in KRS 164.095, which shall be submitted to the committee, the Governor, and the General Assembly by December 1 annually. This report shall include a description of contributions by postsecondary institutions to the quality of elementary and secondary education in the Commonwealth;

(4) Review, revise, and approve the missions of the state's universities and the Kentucky Community and Technical College System. The Council on Postsecondary Education shall have the final authority to determine the compliance of postsecondary institutions with their academic, service, and research missions;

(5) Establish and ensure that all postsecondary institutions in Kentucky cooperatively provide for an integrated system of postsecondary education. The council shall guard against inappropriate and unnecessary conflict and duplication by promoting transferability of credits and easy access of information among institutions;

(6) Engage in analyses and research to determine the overall needs of postsecondary education and adult education in the Commonwealth;

(7) Develop plans that may be required by federal legislation. The council shall for all purposes of federal legislation relating to planning be considered the "single state agency" as that term may be used in federal legislation. When federal legislation requires additional representation on any "single state agency," the Council on Postsecondary Education shall establish advisory groups necessary to satisfy federal legislative or regulatory guidelines;

(8) (a) Determine tuition and approve the minimum qualifications for admission to the state postsecondary educational system. In defining residency, the council shall classify a student as having Kentucky residency if the student met the residency requirements at the beginning of his or her last year in high school and enters a Kentucky postsecondary education institution within two (2) years of high school

graduation. In determining the tuition for non-Kentucky residents, the council shall consider the fees required of Kentucky students by institutions in adjoining states, the resident fees charged by other states, the total actual per student cost of training in the institutions for which the fees are being determined, and the ratios of Kentucky students to non-Kentucky students comprising the enrollments of the respective institutions, and other factors the council may in its sole discretion deem pertinent, except that the Kentucky Community and Technical College System may assess a mandatory student fee not to exceed eight dollars ($8) per credit hour to be used exclusively for debt service on amounts not to exceed seventy-five percent (75%) of the total projects cost of the Kentucky Community and Technical College System agency bond projects included in 2014 Ky. Acts ch. 117, Part II, J., 11.

(b) The Kentucky Community and Technical College System mandatory fee established in this subsection shall only be used for debt service on agency bond projects.

(c) Any fee established as provided by this subsection shall cease to be assessed upon the retirement of the project bonds for which it services debt.

(d) Prior to the issuance of any bonds, the Kentucky Community and Technical College System shall certify in writing to the secretary of the Finance and Administration Cabinet that sufficient funds have been raised to meet the local match equivalent to twenty-five percent (25%) of the total project cost;

(9) Devise, establish, and periodically review and revise policies to be used in making recommendations to the Governor for consideration in developing recommendations to the General Assembly for appropriations to the universities, the Kentucky Community and Technical College System, and to support strategies for persons to maintain necessary levels of literacy throughout their lifetimes. The council has sole discretion, with advice of the Strategic Committee on Postsecondary Education and the executive officers of the postsecondary education system, to devise policies that provide for allocation of funds among the universities and the Kentucky Community and Technical College System;

(10) Lead and provide staff support for the biennial budget process as provided under KRS Chapter 48, in cooperation with the committee;

(11) (a) Except as provided in paragraph (b) of this subsection, review and approve all capital construction projects covered by KRS 45.750(1)(f), including real property acquisitions, and regardless of the source of funding for projects or acquisitions. Approval of capital projects and real property acquisitions shall be on a basis consistent with the strategic agenda and the mission of the respective universities and the Kentucky Community and Technical College System.

(b) The organized groups that are establishing community college satellites as branches of existing community colleges in the counties of Laurel, Leslie, and Muhlenberg, and that have substantially obtained cash, pledges, real property, or other commitments to build the satellite at no cost to the Commonwealth, other than operating costs that shall be paid as part of the operating budget of the main community college of which the satellite is a branch, are authorized to begin construction of the satellite on or after January 1, 1998;

(12) Require reports from the executive officer of each institution it deems necessary for the effectual performance of its duties;

(13) Ensure that the state postsecondary system does not unnecessarily duplicate services and programs provided by private postsecondary institutions and shall promote maximum cooperation between the state postsecondary system and private postsecondary institutions. Receive and consider an annual report prepared by the Association of Independent Kentucky Colleges and Universities stating the condition of independent institutions, listing opportunities for more collaboration between the state and independent institutions and other information as appropriate;

(14) Establish course credit, transfer, and degree components as required in KRS 164.2951;

(15) ***(a)*** Define and approve the offering of all postsecondary education technical, associate, baccalaureate, graduate, and professional degree, certificate, or diploma programs in the public postsecondary education institutions. ***The council shall not approve a new degree, certificate, or diploma program that includes a requirement for a course or training of which the primary purpose is to indoctrinate participants with a discriminatory concept; and***

(b) The council shall expedite wherever possible the approval of requests from the Kentucky Community and Technical College System board of regents relating to new certificate, diploma, technical, or associate degree programs of a vocational-technical and occupational nature. Without the consent of the

General Assembly, the council shall not abolish or limit the total enrollment of the general program offered at any community college to meet the goal of reasonable access throughout the Commonwealth to a two (2) year course of general studies designed for transfer to a baccalaureate program. This does not restrict or limit the authority of the council, as set forth in this section, to eliminate or make changes in individual programs within that general program;

(16) Eliminate, in its discretion, existing programs or make any changes in existing academic programs at the state's postsecondary educational institutions, taking into consideration these criteria:

(a) Consistency with the institution's mission and the strategic agenda;

(b) Alignment with the priorities in the strategic implementation plan for achieving the strategic agenda;

(c) Elimination of unnecessary duplication of programs within and among institutions;~~[and]~~

(d) Efforts to create cooperative programs with other institutions through traditional means, or by use of distance learning technology and electronic resources, to achieve effective and efficient program delivery; ***and***

(e) Alignment with Section 2 of this Act, including the elimination of any program that includes a requirement for a course or training of which the primary purpose is to indoctrinate participants with a discriminatory concept;

(17) Ensure the governing board and faculty of all postsecondary education institutions are committed to providing instruction free of discrimination against students who hold political views and opinions contrary to those of the governing board and faculty;

(18) Review proposals and make recommendations to the Governor regarding the establishment of new public community colleges, technical institutions, and new four (4) year colleges;

(19) ~~[Postpone the approval of any new program at a state postsecondary educational institution, unless the institution has met its equal educational opportunity goals, as established by the council. In accordance with administrative regulations promulgated by the council, those institutions not meeting the goals shall be able to obtain a temporary waiver, if the institution has made substantial progress toward meeting its equal educational opportunity goals;~~

~~(20) ~~]Ensure the coordination, transferability, and connectivity of technology among postsecondary institutions in the Commonwealth including the development and implementation of a technology plan as a component of the strategic agenda;

(20) ~~[(21)]~~ Approve the teacher education programs in the public institutions that comply with standards established by the Education Professional Standards Board pursuant to KRS 161.028;

(21) ~~[(22)]~~ Constitute the representative agency of the Commonwealth in all matters of postsecondary education of a general and statewide nature which are not otherwise delegated to one (1) or more institutions of postsecondary learning. The responsibility may be exercised through appropriate contractual relationships with individuals or agencies located within or without the Commonwealth. The authority includes but is not limited to contractual arrangements for programs of research, specialized training, and cultural enrichment;

(22) ~~[(23)]~~ Maintain procedures for the approval of a designated receiver to provide for the maintenance of student records of the public institutions of higher education and the colleges as defined in KRS 164.945, and institutions operating pursuant to KRS 165A.310 which offer collegiate level courses for academic credit, which cease to operate. Procedures shall include assurances that, upon proper request, subject to federal and state laws and regulations, copies of student records shall be made available within a reasonable length of time for a minimum fee;

(23) ~~[(24)]~~ Monitor and transmit a report on compliance with KRS 164.351 to the director of the Legislative Research Commission for distribution to the Interim Joint Committee on Families and Children;

(24) ~~[(25)]~~ (a) Develop in cooperation with each public university and the Kentucky Community and Technical College System a comprehensive orientation and education program for new members of the council and the governing boards and continuing education opportunities for all council and board members. For new members of the council and institutional governing boards, the council shall:

1. Ensure that the orientation and education program comprises six (6) hours of instruction time and includes but is not limited to information concerning the roles of the council and governing board members, the strategic agenda and the strategic implementation plan, and the respective

institution's mission, budget and finances, strategic plans and priorities, institutional policies and procedures, board fiduciary responsibilities, legal considerations including open records and open meetings requirements, ethical considerations arising from board membership, and the board member removal and replacement provisions of KRS 63.080;

2. Establish delivery methods by which the orientation and education program can be completed in person or electronically by new members within one (1) year of their appointment or election;

3. Provide an annual report to the Governor and Legislative Research Commission of those new board members who do not complete the required orientation and education program; and

4. Invite governing board members of private colleges and universities licensed by the Council on Postsecondary Education to participate in the orientation and education program described in this subsection;

(b) Offer, in cooperation with the public universities and the Kentucky Community and Technical College System, continuing education opportunities for all council and governing board members; and

(c) Review and approve the orientation programs of each public university and the Kentucky Community and Technical College System for their governing board members to ensure that all programs and information adhere to this subsection;

(25) ~~[(26)]~~ Develop a financial reporting procedure to be used by all state postsecondary education institutions to ensure uniformity of financial information available to state agencies and the public;

(26) ~~[(27)]~~ Select and appoint a president of the council under KRS 164.013;

(27) ~~[(28)]~~ Employ consultants and other persons and employees as may be required for the council's operations, functions, and responsibilities;

(28) ~~[(29)]~~ Promulgate administrative regulations, in accordance with KRS Chapter 13A, governing its powers, duties, and responsibilities as described in this section;

(29) ~~[(30)]~~ Prepare and present by January 31 of each year an annual status report on postsecondary education in the Commonwealth to the Governor, the Strategic Committee on Postsecondary Education, and the Legislative Research Commission;

(30) ~~[(31)]~~ Consider the role, function, and capacity of independent institutions of postsecondary education in developing policies to meet the immediate and future needs of the state. When it is found that independent institutions can meet state needs effectively, state resources may be used to contract with or otherwise assist independent institutions in meeting these needs;

(31) ~~[(32)]~~ Create advisory groups representing the presidents, faculty, nonteaching staff, and students of the public postsecondary education system and the independent colleges and universities;

(32) ~~[(33)]~~ Develop a statewide policy to promote employee and faculty development in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education system. Any regular full-time employee of a state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term. The employee shall complete the Free Application for Federal Student Aid to determine the level of need and eligibility for state and federal financial aid programs. The amount of tuition waived shall not exceed the cost of tuition at the institution less any state or federal grants received, which shall be credited first to the student's tuition;

(33) ~~[(34)]~~ Participate with the Kentucky Department of Education, the Kentucky Board of Education, and postsecondary education institutions to ensure that academic content requirements for successful entry into postsecondary education programs are aligned with high school content standards and that students who master the high school academic content standards shall not need remedial courses. The council shall monitor the results on an ongoing basis;

(34) ~~[(35)]~~ Cooperate with the Kentucky Department of Education and the Education Professional Standards Board in providing information sessions to selected postsecondary education content faculty and teacher educators of the high school academic content standards as required under KRS 158.6453(2)(l);

(35) ~~[(36)]~~ Cooperate with the Office of the Kentucky Center for Statistics and ensure the participation of the public institutions as required in KRS 151B.133;

(36) ~~[(37)]~~ Pursuant to KRS 63.080, review written notices from the Governor or from a board of trustees or board of regents concerning removal of a board member or the entire appointed membership of a board, investigate the member or board and the conduct alleged to support removal, and make written recommendations to the Governor and the Legislative Research Commission as to whether the member or board should be removed; and

(37) ~~[(38)]~~ Exercise any other powers, duties, and responsibilities necessary to carry out the purposes of this chapter. Nothing in this chapter shall be construed to grant the Council on Postsecondary Education authority to disestablish or eliminate any college of law which became a part of the state system of higher education through merger with a state college.

➔Section 8. KRS 164.011 is amended to read as follows:

(1) There is hereby created and established a Council on Postsecondary Education in Kentucky as an agency, instrumentality, and political subdivision of the Commonwealth and a public body corporate and politic having all powers, duties, and responsibilities as are provided to it by law, appointed for a term set by law pursuant to Section 23 of the Constitution of Kentucky. The council shall be composed of the commissioner of education, a faculty member, a student member, and thirteen (13) citizen members appointed by the Governor. The citizen members shall be confirmed by the Senate under KRS 11.160, and the commissioner of education shall serve as a nonvoting ex officio member. Citizen council members shall be selected from a list of nominees provided to the Governor under the nominating process set forth in KRS 164.005. If the General Assembly is not in session at the time of the appointment, persons appointed shall serve prior to confirmation, but the Governor shall seek the consent of the Senate at the next regular session or at an intervening extraordinary session if the matter is included in the call of the General Assembly.

(2) By no later than thirty (30) days after May 30, 1997, the Governor's Postsecondary Education Nominating Committee shall submit nominations to the Governor as set forth in KRS 164.005. On making appointments to the council, the Governor shall ensure broad geographical and political representation; ensure equal representation of the two (2) sexes, inasmuch as possible; ensure no less than proportional representation of the two (2) leading political parties of the Commonwealth based on the state's voter registration and the political affiliation of each appointee as of December 31 of the year preceding the date of his or her appointment; and ensure that appointments reflect the minority racial composition of the Commonwealth based on the total minority racial population using the most recent census or estimate data from the United States Census Bureau. If the determination of proportional minority representation does not result in a whole number of minority members, it shall be rounded up to the next whole number. A particular political affiliation shall not be a prerequisite to appointment to the council generally; however, if any person is appointed to the council that does not represent either of the two (2) leading political parties of the Commonwealth, the proportional representation by political affiliation requirement shall be determined and satisfied based on the total number of members on the council less any members not affiliated with either of the two (2) leading political parties. In filling vacancies to the council, the Governor shall act so as to provide, inasmuch as possible, equal representation of the two (2) sexes by appointing a member of the sex that is the lesser represented at the time of the appointment. If the remaining membership already has an equal number of males and females, the Governor may appoint a member of either sex. No more than two (2) members of the council shall hold an undergraduate degree from any one (1) Kentucky university, and no more than three (3) voting members of the council shall reside in any one (1) judicial district of the Kentucky Supreme Court as of the date of the appointment. However, change in residency after the date of appointment shall not affect the ability to serve.

(3) One (1) member shall be a full-time faculty member employed at a state institution of postsecondary education. The faculty member shall be appointed to a four (4) year term by the Governor from a list of three (3) nominees selected and submitted by majority vote of the ten (10) faculty members who serve as faculty representatives of the boards of trustees and boards of regents of the nine (9) postsecondary education institutions.

(4) One (1) member shall be enrolled as a full-time student at a state institution of postsecondary education and shall be selected annually in the following manner: not later than June 1 of each year the eight (8) student body presidents of the four (4) year state public institutions of higher education, the two (2) student members to the Kentucky Community and Technical College System, and one (1) student body president representing the members of the Association of Independent Kentucky Colleges and Universities shall elect by majority vote three (3) nominees to submit to the Governor. From this list of nominees, the Governor shall appoint a student member.

(5) In filling any vacancies, the Governor shall ensure the continuing representation upon the council of the broad constituencies as set forth in subsection (2) of this section. Vacancies on the council shall be filled for the unexpired term in accordance with the procedures established for the original appointments.

(6) Each citizen member shall serve a term of six (6) years unless removed by the Governor for cause, except the initial appointments shall be as follows:

(a) Two (2) appointments shall expire December 31, 1997;

(b) Three (3) appointments shall expire December 31, 1998;

(c) Two (2) appointments shall expire December 31, 1999;

(d) Two (2) appointments shall expire December 31, 2000;

(e) Two (2) appointments shall expire December 31, 2001; and

(f) Two (2) appointments shall expire December 31, 2002.

(7) Any person, other than the chief state school officer, holding either an elective or appointive state office or who is a member of the governing board of any state university in Kentucky, shall be ineligible for membership or appointment on the council during his term.

(8) The members of the council shall elect the chair and the vice chair of the council from among the council's membership, and the chair and vice chair shall serve at the pleasure of the council. The vice chair shall serve as chair in the absence of the chair.

(9) The council shall meet at least quarterly and at other times upon the call of the chair or a majority of the council.

(10) A quorum shall be a majority of the appointive membership of the council.

(11) A quorum shall be required to organize and conduct the business of the council, except that an affirmative vote of eight (8) or more appointive members of the entire council shall be required to dismiss from employment the president of the council, and to adopt or amend the state strategic postsecondary education agenda.

(12) New appointees to the council shall not serve more than two (2) consecutive terms.

(13) New appointees to the council shall complete an orientation and education program set forth in KRS 164.020***(24)*** ~~[(25)]~~ to be eligible for appointment to a second term.

➔Section 9. KRS 164.131 is amended to read as follows:

(1) (a) The government of the University of Kentucky is vested in a board of trustees appointed for a term set by law pursuant to Section 23 of the Constitution of Kentucky.

(b) All appointed and elected persons shall be required to attend and complete an orientation and education program prescribed by the council under KRS 164.020***(24)*** ~~[(25)]~~, as a condition of their service and eligibility for appointment or election to a second term.

(c) The board shall periodically evaluate the institution's progress in implementing its missions, goals, and objectives to conform to the strategic agenda. Officers and officials shall be held accountable for the status of the institution's progress.

(d) Board members may be removed by the Governor under the following circumstances:

1. For cause, pursuant to KRS 63.080(2); or

2. Pursuant to KRS 63.080(3) or (4).

(e) The board shall consist of sixteen (16) members appointed by the Governor, two (2) members of the faculty of the University of Kentucky, one (1) member of the University of Kentucky nonteaching personnel, and one (1) member of the student body of the University of Kentucky. The members appointed by the Governor shall be subject to confirmation by the Senate. The voting members of the board shall select a chairperson annually.

(2) (a) The terms of the appointed members shall be for six (6) years and until their successors are appointed and qualified, unless a member is removed by the Governor pursuant to KRS 63.080(2), (3), or (4), except the initial appointments shall be as follows:

1. Two (2) members shall serve one (1) year terms;

2. Two (2) members shall serve two (2) year terms, one (1) of whom shall be a graduate of the university, selected from a list of three (3) names submitted by the alumni of the university according to rules established by the board of trustees;

3. Three (3) members shall serve three (3) year terms;

4. Three (3) members shall serve four (4) year terms, one (1) of whom shall be a graduate of the university, selected as under subparagraph 2. of this subsection;

5. Three (3) members shall serve five (5) year terms; and

6. Three (3) members shall serve six (6) year terms, one (1) of whom shall be a graduate of the university, selected as under subparagraph 2. of this subsection.

(b) 1. Three (3) of the appointments shall be graduates of the university and may include one (1) graduate of the institution who resides outside the Commonwealth;

2. Three (3) shall be representative of agricultural interests; and

3. Ten (10) shall be other distinguished citizens representative of the learned professions and may include one (1) who resides outside of Kentucky.

(c) The Governor shall make the appointments so as to reflect proportional representation of the two (2) leading political parties of the Commonwealth based on the state's voter registration and the political affiliation of each appointee as of December 31 of the year preceding the date of his or her appointment, and to reflect no less than proportional representation of the minority racial composition of the Commonwealth based on the total minority racial population using the most recent census or estimate data from the United States Census Bureau. If the determination of proportional minority representation does not result in a whole number of minority members, it shall be rounded up to the next whole number. A particular political affiliation shall not be a prerequisite to appointment to the board generally; however, if any person is appointed to the board that does not represent either of the two (2) leading political parties of the Commonwealth, the proportional representation by political affiliation requirement shall be determined and satisfied based on the total number of members on the board less any members not affiliated with either of the two (2) leading political parties.

(d) Appointments to fill vacancies shall be made for the unexpired term in the same manner as provided for the original appointments.

(3) The two (2) University of Kentucky faculty members shall be of the rank of assistant professor or above. They shall be elected by secret ballot by all University of Kentucky faculty members of the rank of assistant professor or above. Faculty members shall serve for terms of three (3) years and until their successors are elected and qualified. Faculty members shall be eligible for reelection, but they shall be ineligible to continue to serve as members of the board of trustees if they cease to be members of the faculty of the university. Elections to fill vacancies shall be for the unexpired term in the same manner as provided for original elections.

(4) The nonteaching personnel member shall be any full-time staff member, excluding the president, vice-presidents, academic deans, and academic department chairpersons. The staff member shall represent all nonteaching university employees, including but not limited to building facilities and clerical personnel. The staff member shall be elected by secret ballot by the nonteaching employees. The staff member shall serve a term of three (3) years and until a successor is elected and qualified. The staff member shall be eligible for reelection, but a staff member who ceases being an employee of the university shall not be eligible to continue to serve as a member of the board. Elections to fill vacancies shall be for the unexpired term and shall be held in the same manner as provided for the original election.

(5) The student member shall serve a one (1) year term beginning on July 1 after being elected and sworn in as student body president and ending on the following June 30. If the student member does not maintain the position of student body president or the status of a full-time student at any time during that academic year, a special election shall be held to select a full-time student member. The elected student member shall serve for the remainder of the unexpired term.

(6) The number of student and employee trustees of the University of Kentucky elected to the board shall not exceed four (4).

(7) Unless specifically approved by the board of trustees under the provisions of KRS 164.367, no member of the administrative staff of the university shall be directly or indirectly interested in any contract with the university

for the sale of property, materials, supplies, equipment, or services, with exception of compensation to the two (2) faculty members, and the one (1) nonteaching personnel member.

(8) New appointees of the board shall not serve more than two (2) consecutive terms.

(9) The inability of the board to hold regular meetings, to elect a chairperson annually, to establish a quorum, to adopt an annual budget, to set tuition rates, to conduct an annual evaluation of the president of the university, or to carry out its primary function to periodically evaluate the institution's progress in implementing its mission, goals, and objectives to conform to the strategic agenda shall be cause for the Governor to remove all appointed members of the board and replace the entire appointed membership pursuant to KRS 63.080(4).

➔Section 10. KRS 164.321 is amended to read as follows:

(1) Eastern Kentucky University, Morehead State University, Murray State University, Western Kentucky University, Kentucky State University, Northern Kentucky University, and the Kentucky Community and Technical College System shall each be governed by a board of regents appointed for a term set by law pursuant to Section 23 of the Constitution of Kentucky.

(a) Each board of the comprehensive universities shall consist of eight (8) members appointed by the Governor, one (1) member of the teaching faculty, one (1) member of the university nonteaching personnel, and one (1) member of the student body of the respective university or college. The members appointed by the Governor shall be subject to confirmation by the Senate. The members of the board shall select a chairperson annually.

(b) The board of the Kentucky Community and Technical College System shall consist of eight (8) members appointed by the Governor, two (2) members of the teaching faculty, two (2) members of the nonteaching personnel, and two (2) members of the student body. The members appointed by the Governor shall be subject to confirmation by the Senate.

1. No more than three (3) appointed members of the board shall reside in any one (1) judicial district of the Kentucky Supreme Court as of the date of the appointment.

2. A change in residency of a gubernatorial appointee after the date of appointment shall not affect the appointee's ability to serve or eligibility for reappointment, except an appointee who assumes residency outside the fifty (50) United States shall become immediately ineligible to serve. The Council on Postsecondary Education shall notify the appointee of his or her ineligibility to serve.

3. In making initial appointments, the Governor shall act so as to provide equal representation of the two (2) sexes. In filling vacancies, the Governor shall act so as to provide, inasmuch as possible, equal representation of the two (2) sexes by appointing a member of the sex that is the lesser represented at the time of the appointment. If the remaining membership already has an equal number of males and females, the Governor may appoint a member of either sex.

(2) The terms of appointed members shall be for six (6) years and until their successors are appointed and qualified, unless a member is removed by the Governor pursuant to KRS 63.080(2), (3), or (4), except the initial appointments to the board of regents for the Kentucky Community and Technical College System shall be as follows:

(a) One (1) member shall serve a one (1) year term;

(b) One (1) member shall serve a two (2) year term;

(c) Two (2) members shall serve three (3) year terms;

(d) One (1) member shall serve a four (4) year term;

(e) One (1) member shall serve a five (5) year term; and

(f) Two (2) members shall serve six (6) year terms.

New appointees of a board of regents shall not serve for more than two (2) consecutive terms.

(3) The gubernatorial appointments may include one (1) graduate of the respective institution who resides outside the Commonwealth. Not more than two (2) appointed members of any board shall be residents of one (1) county. The appointments shall reflect the proportional representation of the two (2) leading political parties of the Commonwealth based on the state's voter registration and the political affiliation of each appointee as of December 31 of the year preceding the date of his or her appointment. A particular political affiliation shall not be a prerequisite to appointment to any board generally; however, if any person is appointed to a board that

does not represent either of the two (2) leading political parties of the Commonwealth, the proportional representation by political affiliation requirement shall be determined and satisfied based on the total number of members on the board less any members not affiliated with either of the two (2) leading political parties. Membership on the board shall reflect no less than proportional representation of the minority racial composition of the Commonwealth based on the total minority racial population using the most recent census or estimate data from the United States Census Bureau. If the determination of proportional minority representation does not result in a whole number of minority members, it shall be rounded up to the next whole number. Membership on the board shall not be incompatible with any state office. A change in residency after the date of appointment shall not affect a member's ability to serve nor shall it prevent a member's eligibility for reappointment, except a member who assumes residency outside the fifty (50) United States shall become immediately ineligible to serve. The Council on Postsecondary Education shall notify the appointee of his or her ineligibility to serve.

(4) Appointments to fill vacancies shall be made in the same manner and within the same time after the occurrence of the vacancy as regular appointments. The person appointed shall hold the position for the unexpired term only.

(5) Each member of the board shall serve for the term for which the member is appointed and until a successor is appointed and qualified, unless a member is removed by the Governor pursuant to KRS 63.080(2), (3), or (4).

(6) (a) The faculty member of a comprehensive university shall be a teaching or research member of the faculty of his or her respective university of the rank of assistant professor or above. The faculty member shall be elected by secret ballot by all faculty members of his or her university of the rank of instructor, assistant professor, or above. The faculty member shall serve for a term of three (3) years and until his successor is elected and qualified. The faculty member shall be eligible for reelection, but he or she shall not be eligible to continue to serve as a member of the board if he or she ceases being a member of the teaching staff of the university. Elections to fill vacancies shall be for the unexpired term in the same manner as provided for the original election.

(b) The faculty members of the Kentucky Community and Technical College System shall be represented by one (1) faculty member elected from the community colleges and one (1) faculty member elected from the technical institutions to serve three (3) year terms and until their successors are named. The faculty representative of each branch shall be elected by means of a process established by the board. The faculty members may be reelected but shall not serve more than two (2) consecutive terms. A faculty member shall be ineligible to continue to serve as a member of the board if he or she ceases to be a member of the faculty at one (1) of the institutions within the system. Elections to fill vacancies shall be for the unexpired term in the same manner as provided for the original election. These two (2) members shall collectively have one (1) vote which may be cast one-half (1/2) vote by each member.

(7) (a) The nonteaching personnel member in a comprehensive university shall be any full-time staff member excluding the president, vice presidents, academic deans, and academic department chairpersons. He or she shall represent all nonteaching university employees including, but not limited to, building facilities and clerical personnel. The member shall be elected by secret ballot by the nonteaching employees. The nonteaching personnel member shall serve a term of three (3) years and until a successor is elected and qualified. The nonteaching personnel member shall be eligible for reelection, but he or she shall not be eligible to continue to serve as a member of the board if he or she ceases being an employee of the university. Elections to fill vacancies shall be for the unexpired term in the same manner as provided for the original election.

(b) The nonteaching personnel members in the Kentucky Community and Technical College System shall be any full-time staff member excluding a president, chancellor, vice president, academic dean, academic department chair, or other administrator. They shall represent all nonteaching employees in their respective branch institutions including, but not limited to, support and clerical personnel. One (1) member shall be a representative from the community colleges and one (1) member shall be a representative from the technical institutions. They shall serve three (3) year terms and until their successors are named. These two (2) members shall collectively have one (1) vote which may be cast one-half (1/2) vote by each member. The nonteaching personnel members of each branch shall be elected by means of a process established by the board. A nonteaching personnel member may be reelected but shall not serve more than two (2) consecutive terms. A nonteaching employee shall be ineligible to continue to serve as a member of the board if that employee ceases to be a nonteaching employee at one (1) of the institutions within the system. Elections to fill vacancies shall be for the unexpired term in the same manner as provided for the original election.

(8) (a) The student member on a comprehensive university board shall serve a one (1) year term beginning on July 1 after being elected and sworn in as student body president and ending on the following June 30. If the student member does not maintain the position as student body president or the status as a full-time student at any time during that academic year, a special election shall be held to select a full-time student member. The elected student member shall serve for the remainder of the unexpired term.

(b) Two (2) full-time student members shall be elected to the board of regents for the Kentucky Community and Technical College System. One (1) shall represent students of the community colleges and one (1) shall represent the technical institutions. The student members shall be elected by means of a process established by the board. The student members shall serve one (1) year terms beginning on July 1 after being elected and sworn in as a student member of the board and ending on the following June 30. If the student member does not maintain the status as a full-time student, a special election shall be held to fill the vacancy for the remainder of the unexpired term. The two (2) members shall collectively have one (1) vote which may be cast one-half (1/2) vote by each member.

(9) All appointed and elected persons shall be required to attend and complete an orientation and education program prescribed by the council under KRS 164.020***(24)*** ~~[(25)]~~, as a condition of their service and eligibility for appointment or election to a second term.

(10) Board members may be removed by the Governor under the following circumstances:

(a) For cause, pursuant to KRS 63.080(2); or

(b) Pursuant to KRS 63.080(3) or (4).

(11) The inability of the board or boards of the comprehensive universities or Kentucky Community and Technical College System to hold quarterly meetings, to elect a chairperson annually, to establish a quorum, to adopt an annual budget, to set tuition rates, to conduct an annual evaluation of the president of the university or system, to carry out its primary function to periodically evaluate the university's or system's progress in implementing its mission, goals, and objectives to conform to the strategic agenda, or to otherwise perform its duties under KRS 164.350 shall be cause for the Governor to remove all appointed members of the board or boards and replace the entire appointed membership pursuant to KRS 63.080(4).

➔Section 11. KRS 164.821 is amended to read as follows:

(1) The government of the University of Louisville is vested in a board of trustees appointed for a term set by law pursuant to Section 23 of the Constitution of Kentucky. The board shall consist of ten (10) members appointed by the Governor, at least one (1) of whom shall be a graduate of the university; one (1) member of the teaching faculty of the University of Louisville who shall be the chief executive of the ranking unit of faculty government; one (1) member of the permanent staff of the University of Louisville who shall be the chief executive of the staff senate; and one (1) student member who shall be the president of the student body during the appropriate academic year. The members appointed by the Governor shall be subject to confirmation by the Senate.

(a) All appointed and elected persons shall be required to attend and complete an orientation and education program prescribed by the council under KRS 164.020***(24)*** ~~[(25)]~~, as a condition of their service and eligibility for appointment or election to a second term.

(b) Board members may be removed by the Governor under the following circumstances:

1. For cause, pursuant to KRS 63.080(2); or

2. Pursuant to KRS 63.080(3) or(4).

(c) New appointees to the board shall not serve more than two (2) consecutive terms.

(2) The student member shall serve a one (1) year term beginning on July 1 after being elected and sworn in as student body president and ending on the following June 30. If the student member does not maintain the position of student body president or the status of a full-time student at any time during that academic year, a special election shall be held to select a full-time student member. The elected student member shall serve for the remainder of the unexpired term.

(3) The faculty member and staff member shall serve one (1) year terms and cease to be eligible for membership on the board of trustees upon termination of their respective relationships with, or leadership positions within, the university, and vacancies occurring for this reason shall be filled for the remainder of the respective terms in the same manner.

(4) The gubernatorial appointments shall serve a term of six (6) years and until their successors are appointed and qualified, unless a member is removed by the Governor pursuant to KRS 63.080(2), (3), or (4), except the initial terms shall be as follows:

(a) Two (2) members shall serve one (1) year terms;

(b) Two (2) members shall serve two (2) year terms;

(c) Two (2) members shall serve three (3) year terms;

(d) Two (2) members shall serve four (4) year terms;

(e) One (1) member shall serve a five (5) year term; and

(f) One (1) member shall serve a six (6) year term.

(5) The Governor shall make his at-large appointments so as to divide the appointed representation upon the board to reflect:

(a) The proportional representation of the two (2) leading political parties in the Commonwealth based on the state's voter registration and the political affiliation of each appointee as of December 31 of the year preceding the date of his or her appointment. A particular political affiliation shall not be a prerequisite to appointment to the board generally; however, if any person is appointed to the board that does not represent either of the two (2) leading political parties of the Commonwealth, the proportional representation by political affiliation requirement shall be determined and satisfied based on the total number of members on the board less any members not affiliated with either of the two (2) leading political parties; and

(b) No less than the proportional representation of the minority racial composition of the Commonwealth based on the total minority racial population using the most recent census or estimate data from the United States Census Bureau. If the determination of proportional minority representation does not result in a whole number of minority members, it shall be rounded up to the next whole number.

(6) Vacancies among the appointed members of the board occurring by death, resignation, or any other cause, other than expiration of a term, shall be filled by appointments made by the Governor for the remainder of the unexpired term, subject to the qualifications set forth in this section.

(7) Unless specifically approved by the board of trustees under the provisions of KRS 164.367, no member of the teaching or administrative staff of the university shall be directly or indirectly interested in any contract with the university for the sale of property, materials, supplies, equipment, or services, with the exception of compensation to the faculty, staff, and student members.

(8) The inability of the board to hold regular meetings, to elect a chairperson annually, to establish a quorum, to adopt an annual budget, to set tuition rates, to conduct an annual evaluation of the president of the university, to carry out its primary function to periodically evaluate the institution's progress in implementing its mission, goals, and objectives to conform to the strategic agenda, or to otherwise perform its duties under KRS 164.830 shall be cause for the Governor to remove all appointed members of the board and replace the entire appointed membership pursuant to KRS 63.080(4).

➔SECTION 12. A NEW SECTION OF KRS 335B.020 TO 335B.070 IS CREATED TO READ AS FOLLOWS:

(1) A licensing authority shall not require diversity, equity, and inclusion training as a prerequisite for an initial or renewal license.

(2) A licensing authority shall not use an applicant's or licensee's lack of diversity, equity, and inclusion training as a reason to:

(a) Discipline an applicant or licensee; or

(b) Deny, suspend, revoke, or otherwise restrict a license.

(3) Any diversity, equity, and inclusion training requirement for applicants or licensees enforced by a licensing authority prior to the effective date of this Act is void.

➔Section 13. KRS 335B.010 is amended to read as follows:

As used in KRS 335B.020 to 335B.070, unless the context requires otherwise:

(1) "Occupation" includes all occupations, trades, vocations, professions, businesses, or employment of any kind for which a license is required to be issued by the Commonwealth of Kentucky, its agencies, or political subdivisions***;*** ~~[.]~~

(2) "License" includes all licenses, permits, certificates, registrations, or other means required to engage in an occupation which are granted or issued by the Commonwealth of Kentucky, its agents or political subdivisions before a person can pursue, practice, or engage in any occupation***;*** ~~[.]~~

(3) "Public employment" includes all employment with the Commonwealth of Kentucky, its agencies, or political subdivisions***;*** ~~[.]~~

(4) "Conviction of a crime" shall be limited to convictions of felonies or misdemeanors***;*** ~~[.]~~

(5) "Hiring or licensing authority" shall mean the person, board, commission, or department of the Commonwealth of Kentucky, its agencies or political subdivisions, responsible by law for the hiring of persons for public employment or the licensing of persons for occupations***;***

(6) "Diversity, equity, and inclusion training" has the same meaning as in Section 1 of this Act; and

(7) "Licensing authority" means the person, board, commission, department, or other entity of the Commonwealth of Kentucky, its agencies, or political subdivisions, responsible by law for the licensing of persons for occupations.

➔Section 14. (1) Contrary provisions of any section of the Kentucky Revised Statutes notwithstanding, 13 KAR 002:060, Degree program approval; equal opportunity goals, shall be null, void, and unenforceable as of the effective date of this Act.

(2) Contrary provisions of any section of the Kentucky Revised Statutes notwithstanding, the council shall be prohibited from promulgating an administrative regulation that is identical to, or substantially the same as, 13 KAR 002:060, Degree program approval; equal opportunity goals.

➔Section 15. (1) No later than June 30, 2025, every public postsecondary education institution in the Commonwealth shall ensure compliance with the requirements of this Act applicable to institutions and:

(a) Eliminate any and all diversity, equity, and inclusion initiatives, including but not limited to any scholarship criteria, living-learning programs, student services, community services, or other initiative designed to promote a discriminatory concept or to provide differential treatment or benefits to an individual on the basis of race, sex, color, or national origin;

(b) Eliminate all diversity, equity, and inclusion trainings;

(c) Eliminate all diversity, equity, and inclusion offices; and

(d) Terminate all diversity, equity, and inclusion officer positions.

(2) The Attorney General may bring a civil action for a writ of mandamus to compel a public postsecondary education institution to comply with this section.

➔Section 16. (1) No later than June 30, 2025, the Council on Postsecondary Education shall ensure compliance with the requirements of this Act applicable to the council and:

(a) Eliminate all diversity, equity, and inclusion initiatives;

(b) Eliminate all diversity, equity, and inclusion trainings;

(c) Eliminate all diversity, equity, and inclusion offices; and

(d) Terminate all diversity, equity, and inclusion officer positions.

(2) The Attorney General may bring a civil action for a writ of mandamus to compel the council to comply with this section.

➔Section 17. (1) No later than August 30, 2025, each president of a public postsecondary education institution shall submit a report to the Legislative Research Commission, for referral to the appropriate Interim Joint Committee on Education, and the Attorney General containing:

(a) A detailed description of the institution’s compliance with each provision of this Act applicable to institutions that certifies the status of the institution's compliance with each provision, the steps taken by the institution to achieve compliance with each provision, and the guardrails put in place to ensure future compliance with each provision;

(b) If the president cannot certify the institution's full compliance with any provision of this Act which is applicable to institutions, the president shall provide a detailed and clear description of any obstacles to achieving or certifying compliance with that provision, the measures that the president and institution are enacting to overcome those obstacles, and the estimated completion date of each measure;

(c) A detailed description of the institution's strategy for attracting and retaining faculty members with diverse perspectives and points of view; and

(d) A description of the institution's strategy for fostering a campus environment where the free exchange of ideas is a prized value and where ideas can be freely discussed and debated in accordance with First Amendment principles and without intimidation.

(2) The report required by this section shall be published to a prominent, publicly accessible page on the institution's website for a period of no less than one year. The report shall not be combined with any other report when submitted or published by the institution.

(3) The Attorney General may bring a civil action for a writ of mandamus to compel a public postsecondary education institution to comply with this section.

➔Section 18. (1) No later than August 30, 2025, the president of the Council on Postsecondary Education shall submit a report to the Legislative Research Commission, for referral to the appropriate Interim Joint Committee on Education, and the Attorney General containing:

(a) A detailed description of the council's compliance with each provision of this Act applicable to the council that certifies the status of the council's compliance with each provision, the steps taken by the council to achieve compliance with each provision, and the guardrails put in place to ensure future compliance with each provision;

(b) If the president cannot certify the council's compliance with any provision of this Act which is applicable to the council, a detailed and clear description of any obstacles to achieving or certifying compliance with that provision, the measures that the president and council are enacting to overcome those obstacles, and the estimated completion date of each measure;

(c) A detailed description of the council's strategy for attracting and retaining faculty members with diverse perspectives and points of view to Kentucky's postsecondary institutions; and

(d) A detailed description of the council's strategy for fostering a postsecondary education system where the free exchange of ideas is a prized value and ideas can be freely discussed and debated in accordance with First Amendment principles and without intimidation.

(2) The report required by this section shall be published to a prominent, publicly accessible page on the council's website for a period of no less than one year. The report shall not be combined with any other report when submitted or published by the institution.

(3) The Attorney General may bring a civil action for a writ of mandamus to compel the Council on Postsecondary Education to comply with this section.

Veto Overridden March 27, 2025.

CHAPTER 121

(HB 90)

AN ACT relating to maternal health and declaring an emergency.

WHEREAS, the right to life is the most fundamental human right, forming the basis for all other rights, as recognized in the principles of natural law, the Constitution of the United States, and the Constitution of Kentucky; and

WHEREAS, appropriate and comprehensive perinatal care is essential for ensuring the health and well-being of both the mother and the unborn child, encompassing prenatal, intrapartum, and postpartum care to optimize health outcomes and address potential complications; and

WHEREAS, all childbearing women and families have the right to receive comprehensive, evidence-based information regarding their perinatal care and birth setting options; and

WHEREAS, accredited freestanding birth centers follow established standards of care, ensuring high-quality, evidence-based maternity services while maintaining collaborative relationships with hospitals and medical providers for seamless transfer when necessary; and

WHEREAS, freestanding birth centers provide a safe and regulated alternative for maternity care, offering a medically directed care, midwifery-led model that emphasizes holistic, patient-centered care; and

WHEREAS, elective abortion restrictions under Kentucky law, as enacted, include medically necessary exceptions and interventions required to preserve the life of the mother; and

WHEREAS, there is a need to clarify the distinction between an elective abortion and illegal termination of the life of an unborn child protected under Kentucky law and medically necessary interventions that affirm the fundamental right to life, ensure compassionate and comprehensive care for mothers and unborn children that are appropriate medical management for serious and life-threatening perinatal medical complications such as spontaneous miscarriage, or to treat conditions such as ectopic and molar pregnancies; and

WHEREAS, lifesaving miscarriage management, including medical procedures necessary to address spontaneous abortion, also known as miscarriage, inevitable abortion, or incomplete abortion, is an essential component of comprehensive medical care and is distinct from elective abortion; and

WHEREAS, medical conditions such as ectopic pregnancy, molar pregnancy, sepsis, and hemorrhage may necessitate emergency interventions to prevent maternal death or serious and permanent impairment of a life-sustaining organ; and

WHEREAS, in cases where a pregnancy has ended, or is in the unavoidable and untreatable process of ending, it is necessary to provide appropriate consultation and medical care, including the removal of a deceased unborn child from the uterine cavity when no fetal cardiac activity is present; and

WHEREAS, lifesaving miscarriage management refers to medically necessary interventions performed by healthcare professionals to protect the life of a pregnant woman experiencing a spontaneous pregnancy loss or a life-threatening pregnancy complication, distinguishing these interventions from elective abortion as these interventions are intended solely to address natural pregnancy complications where the unborn child has already died, the pregnancy is no longer viable, or to prevent the death or substantial risk of death to the pregnant woman due to a physical condition, or to prevent the serious, permanent impairment of a life-sustaining organ of a pregnant woman; and

WHEREAS, stillbirth, early fetal demise, and the death of an unborn child have many causes, including perinatal and intrapartum complications, hypertension, diabetes, infection, congenital and genetic abnormalities, placental dysfunction, and pregnancy continuing beyond 40 weeks and are catastrophic events with lasting consequences on the expectant mother, family, and all of society; and

WHEREAS, initiatives such as Kentucky Perinatal Quality Collaborative (KyPQC), formed in 2019 as a statewide network working in collaboration with healthcare providers, delivery hospitals, insurers, advocacy groups, and state and national stakeholders, demonstrate an ongoing commitment to improve the quality of care during pregnancy, delivery, and throughout the first year of a child's life in the Commonwealth; and

WHEREAS, perinatal palliative care programs provide essential support and resources to pregnant women and families facing complex and life-limiting prenatal diagnoses, ensuring compassionate care, informed decision-making, and emotional, spiritual, and medical guidance; and

WHEREAS, hospitals, birthing centers, maternal-fetal specialists, and midwives have a shared responsibility to offer or refer patients to perinatal palliative care programs and support services when a prenatal diagnosis indicates that a baby may die before or after birth, or when a newborn is diagnosed with a life-limiting condition; and

WHEREAS, the Cabinet for Health and Family Services should maintain a list of perinatal palliative care programs and providers to ensure accessibility and awareness among healthcare professionals and expectant families; and

WHEREAS, the 2024 committee opinion of the American College of Obstetricians and Gynecologists' Committee on Obstetric Practice and Ethics expresses support for perinatal palliative care as a coordinated care strategy that comprises options for obstetric and newborn care that include a focus on maximizing quality of life and comfort for newborns with a variety of conditions considered to be life-limiting in early infancy and a dual focus on

ameliorating suffering and honoring patient values, perinatal palliative care provided concurrently with life-prolonging treatment; and

WHEREAS, the 2024 committee opinion of the American College of Obstetricians and Gynecologists' Committee on Obstetric Practice and Ethics states that the birth plan is an individualized proposal for delivery and neonatal care and a critical prenatal component of perinatal palliative comfort care; and

WHEREAS, the American Academy of Pediatrics and the Society for Maternal-Fetal Medicine endorsed the 2024 committee opinion on perinatal palliative care of the American College of Obstetricians and Gynecologists' committees;

NOW, THEREFORE,

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 216B IS CREATED TO READ AS FOLLOWS:

(1) As used in this section, "freestanding birthing center" means any health facility, place, or institution which is not a hospital, is not in a hospital or a private residence, and is established to provide care for labor, delivery, the immediate postpartum period, and the newborn immediately following delivery.

(2) The cabinet shall establish licensure standards for freestanding birthing centers that:

(a) Require accreditation by the Commission for the Accreditation of Birth Centers;

(b) Delineate requirements for medical malpractice insurance;

(c) Require location within thirty (30) miles of a hospital. If a hospital located within thirty (30) miles of a freestanding birthing center ceases operations after a freestanding birthing center has been established, the requirement of this paragraph shall not apply to the affected freestanding birthing center;

(d) Do not prohibit a hospital from owning or operating a freestanding birthing center that complies with the requirements of this section; and

(e) Include any other requirements deemed necessary by the cabinet that are not inconsistent with the other requirements of this section.

(3) (a) A freestanding birthing center shall have a medical director who is a licensed physician who has, at a minimum, the following functions:

1. Participation in approval of criteria that would exclude a client or newborn from receiving care at the freestanding birthing center; and

2. Participation in the quality review functions of the freestanding birthing center, including review of transfers and sentinel events.

(b) The cabinet shall establish a timeline for a freestanding birthing center to fill the position of medical director if the position becomes vacant.

(4) A freestanding birthing center shall obtain written informed consent for each client receiving care. The written informed consent shall include:

(a) A description of the benefits, risks, and eligibility requirements for receiving care at the freestanding birthing center;

(b) A description of the education and credentials of practitioners providing clinical care at the freestanding birthing center;

(c) Instructions for obtaining a copy of the administrative regulations promulgated pursuant to this section;

(d) Instructions for filing a complaint relating to the freestanding birthing center with the cabinet;

(e) A summary of a written protocol for emergencies, including transfer to a higher level of care;

(f) Disclosure of professional liability insurance held by health care providers at the freestanding birthing center; and

(g) A summary of procedures established by the freestanding birthing center for professional collaboration with other care providers.

(5) (a) A freestanding birthing center shall have a written patient transfer agreement with a hospital that provides obstetric services. The cabinet shall establish minimum requirements for the patient transfer agreement which shall include:

1. Specifying the responsibilities that a freestanding birthing center and a hospital assume in the transfer of a patient; and

2. Establishing the freestanding birthing center's responsibility for:

a. Notifying the receiving hospital promptly of the impending transfer of a patient; and

b. Arranging for appropriate and safe transportation.

(b) The cabinet shall establish a process and criteria by which the requirement of paragraph (a) of this subsection may be waived if a freestanding birthing center submits to the cabinet evidence of a failure by a hospital that provides obstetric services to enter into a written patient transfer agreement with the freestanding birthing center.

(6) (a) A freestanding birthing center shall have a written patient transfer agreement with a licensed emergency medical transportation service.

(b) The cabinet shall establish a process and criteria by which the requirement of paragraph (a) of this subsection may be waived if a freestanding birthing center submits to the cabinet evidence of a failure by a licensed emergency medical transportation service to enter into a written patient transfer agreement with the freestanding birthing center.

(7) A certificate of need shall not be required to establish and license a freestanding birthing center with no more than four (4) beds.

(8) (a) Nothing in this section is intended to expand or limit the liability of a health care provider, health care facility, or freestanding birthing center.

(b) In the event of an action for injury or death due to any act or omission of a health care provider rendering services at a freestanding birthing center from which an injured patient is transferred to any other licensed health care provider or licensed health care facility:

1. The liability of the subsequent licensed health care provider or licensed health care facility shall be limited to their own negligent acts and omissions that violate their standards of care according to existing law, except as provided in subparagraph 2. of this paragraph; and

2. If the subsequent licensed health care provider or licensed health care facility owns, operates, or provides care at the freestanding birthing center from which the injured patient was transferred, then the licensed health care provider or licensed health care facility shall be liable for acts or omissions that violate their standards of care and that occurred at the freestanding birthing center.

(9) In accordance with Section 22 of this Act, no person shall perform an abortion in a freestanding birthing center.

➔Section 2. KRS 216B.015 is amended to read as follows:

Except as otherwise provided, for purposes of this chapter, the following definitions shall apply:

(1) "Abortion facility" means any place in which an abortion is performed;

(2) "Administrative regulation" means a regulation adopted and promulgated pursuant to the procedures in KRS Chapter 13A;

(3) "Affected persons" means the applicant; any person residing within the geographic area served or to be served by the applicant; any person who regularly uses health facilities within that geographic area; health facilities located in the health service area in which the project is proposed to be located which provide services similar to the services of the facility under review; health facilities which, prior to receipt by the agency of the proposal being reviewed, have formally indicated an intention to provide similar services in the future; and the cabinet and third-party payors who reimburse health facilities for services in the health service area in which the project is proposed to be located;

(4) (a) "Ambulatory surgical center" means a health facility:

1. Licensed pursuant to administrative regulations promulgated by the cabinet;

2. That provides outpatient surgical services, excluding oral or dental procedures; and

3. Seeking recognition and reimbursement as an ambulatory surgical center from any federal, state, or third-party insurer from which payment is sought.

(b) An ambulatory surgical center does not include the private offices of physicians where in-office outpatient surgical procedures are performed as long as the physician office does not seek licensure, certification, reimbursement, or recognition as an ambulatory surgical center from a federal, state, or third-party insurer.

(c) Nothing in this subsection shall preclude a physician from negotiating enhanced payment for outpatient surgical procedures performed in the physician's private office so long as the physician does not seek recognition or reimbursement of his or her office as an ambulatory surgical center without first obtaining a certificate of need or license required under KRS 216B.020 and 216B.061;

(5) "Applicant" means any physician's office requesting a major medical equipment expenditure exceeding the capital expenditure minimum, or any person, health facility, or health service requesting a certificate of need or license;

(6) "Cabinet" means the Cabinet for Health and Family Services;

(7) "Capital expenditure" means an expenditure made by or on behalf of a health facility which:

(a) Under generally accepted accounting principles is not properly chargeable as an expense of operation and maintenance or is not for investment purposes only; or

(b) Is made to obtain by lease or comparable arrangement any facility or part thereof or any equipment for a facility or part thereof;

(8) "Capital expenditure minimum" means the annually adjusted amount set by the cabinet. In determining whether an expenditure exceeds the expenditure minimum, the cost of any studies, surveys, designs, plans, working drawings, specifications, and other activities essential to the improvement, expansion, or replacement of any plant or any equipment with respect to which the expenditure is made shall be included. Donations of equipment or facilities to a health facility which if acquired directly by the facility would be subject to review under this chapter shall be considered a capital expenditure, and a transfer of the equipment or facilities for less than fair market value shall be considered a capital expenditure if a transfer of the equipment or facilities at fair market value would be subject to review;

(9) "Certificate of need" means an authorization by the cabinet to acquire, to establish, to offer, to substantially change the bed capacity, or to substantially change a health service as covered by this chapter;

(10) "Certified surgical assistant" means a certified surgical assistant or certified first assistant who is certified by the National Surgical Assistant Association on the Certification of Surgical Assistants, the Liaison Council on Certification of Surgical Technologists, or the American Board of Surgical Assistants. The certified surgical assistant is an unlicensed health-care provider who is directly accountable to a physician licensed under KRS Chapter 311 or, in the absence of a physician, to a registered nurse licensed under KRS Chapter 314;

(11) "Continuing care retirement community" means a community that provides, on the same campus, a continuum of residential living options and support services to persons sixty (60) years of age or older under a written agreement. The residential living options shall include independent living units, nursing home beds, and either assisted living units or personal care beds;

(12) "Formal review process" means the ninety (90) day certificate-of-need review conducted by the cabinet;

(13) "Health facility" means any institution, place, building, agency, or portion thereof, public or private, whether organized for profit or not, used, operated, or designed to provide medical diagnosis, treatment, nursing, rehabilitative, or preventive care and includes alcohol abuse, drug abuse, and mental health services. This shall include but shall not be limited to health facilities and health services commonly referred to as hospitals, psychiatric hospitals, physical rehabilitation hospitals, chemical dependency programs, nursing facilities, nursing homes, personal care homes, intermediate care facilities, assisted living communities, family care homes, outpatient clinics, ambulatory care facilities, ambulatory surgical centers, emergency care centers and services, ambulance providers, hospices, community mental health centers, home health agencies, kidney disease treatment centers and freestanding hemodialysis units, ***freestanding birthing centers as defined in Section 1 of this Act,*** and others providing similarly organized services regardless of nomenclature;

(14) "Health services" means clinically related services provided within the Commonwealth to two (2) or more persons, including but not limited to diagnostic, treatment, or rehabilitative services, and includes alcohol, drug abuse, and mental health services;

(15) "Independent living" means the provision of living units and supportive services, including but not limited to laundry, housekeeping, maintenance, activity direction, security, dining options, and transportation;

(16) "Intraoperative surgical care" includes the practice of surgical assisting in which the certified surgical assistant or physician assistant is working under the direction of the operating physician as a first or second assist, and which may include the following procedures:

(a) Positioning the patient;

(b) Preparing and draping the patient for the operative procedure;

(c) Observing the operative site during the operative procedure;

(d) Providing the best possible exposure of the anatomy incident to the operative procedure;

(e) Assisting in closure of incisions and wound dressings; and

(f) Performing any task, within the role of an unlicensed assistive person, or if the assistant is a physician assistant, performing any task within the role of a physician assistant, as required by the operating physician incident to the particular procedure being performed;

(17) "Major medical equipment" means equipment which is used for the provision of medical and other health services and which costs in excess of the medical equipment expenditure minimum. In determining whether medical equipment has a value in excess of the medical equipment expenditure minimum, the value of studies, surveys, designs, plans, working drawings, specifications, and other activities essential to the acquisition of the equipment shall be included;

(18) "Nonsubstantive review" means an expedited review conducted by the cabinet of an application for a certificate of need as authorized under KRS 216B.095;

(19) "Nonclinically related expenditures" means expenditures for:

(a) Repairs, renovations, alterations, and improvements to the physical plant of a health facility which do not result in a substantial change in beds, a substantial change in a health service, or the addition of major medical equipment, and do not constitute the replacement or relocation of a health facility; or

(b) Projects which do not involve the provision of direct clinical patient care, including but not limited to the following:

1. Parking facilities;

2. Telecommunications or telephone systems;

3. Management information systems;

4. Ventilation systems;

5. Heating or air conditioning, or both;

6. Energy conservation; or

7. Administrative offices;

(20) "Party to the proceedings" means the applicant for a certificate of need and any affected person who appears at a hearing on the matter under consideration and enters an appearance of record;

(21) "Perioperative nursing" means a practice of nursing in which the nurse provides preoperative, intraoperative, and postoperative nursing care to surgical patients;

(22) "Person" means an individual, a trust or estate, a partnership, a corporation, an association, a group, state, or political subdivision or instrumentality including a municipal corporation of a state;

(23) "Physician assistant" means the same as the definition provided in KRS 311.550;

(24) "Record" means, as applicable in a particular proceeding:

(a) The application and any information provided by the applicant at the request of the cabinet;

(b) Any information provided by a holder of a certificate of need or license in response to a notice of revocation of a certificate of need or license;

(c) Any memoranda or documents prepared by or for the cabinet regarding the matter under review which were introduced at any hearing;

(d) Any staff reports or recommendations prepared by or for the cabinet;

(e) Any recommendation or decision of the cabinet;

(f) Any testimony or documentary evidence adduced at a hearing;

(g) The findings of fact and opinions of the cabinet or the findings of fact and recommendation of the hearing officer; and

(h) Any other items required by administrative regulations promulgated by the cabinet;

(25) "Registered nurse first assistant" means one who:

(a) Holds a current active registered nurse licensure;

(b) Is certified in perioperative nursing; and

(c) Has successfully completed and holds a degree or certificate from a recognized program, which shall consist of:

1. The Association of Operating Room Nurses, Inc., Core Curriculum for the registered nurse first assistant; and

2. One (1) year of postbasic nursing study, which shall include at least forty-five (45) hours of didactic instruction and one hundred twenty (120) hours of clinical internship or its equivalent of two (2) college semesters.

A registered nurse who was certified prior to 1995 by the Certification Board of Perioperative Nursing shall not be required to fulfill the requirements of paragraph (c) of this subsection;

(26) "Secretary" means the secretary of the Cabinet for Health and Family Services;

(27) "Sexual assault examination facility" means a licensed health facility, emergency medical facility, primary care center, or a children's advocacy center or rape crisis center that is regulated by the Cabinet for Health and Family Services, and that provides sexual assault examinations under KRS 216B.400;

(28) "State health plan" means the document prepared triennially, updated annually, and approved by the Governor;

(29) "Substantial change in a health service" means:

(a) The addition of a health service for which there are review criteria and standards in the state health plan; or

(b) The addition of a health service subject to licensure under this chapter;

(30) "Substantial change in bed capacity" means the addition or reduction of beds by licensure classification within a health facility;

(31) "Substantial change in a project" means a change made to a pending or approved project which results in:

(a) A substantial change in a health service, except a reduction or termination of a health service;

(b) A substantial change in bed capacity, except for reductions;

(c) A change of location; or

(d) An increase in costs greater than the allowable amount as prescribed by regulation;

(32) "To acquire" means to obtain from another by purchase, transfer, lease, or other comparable arrangement of the controlling interest of a capital asset or capital stock, or voting rights of a corporation. An acquisition shall be deemed to occur when more than fifty percent (50%) of an existing capital asset or capital stock or voting rights of a corporation is purchased, transferred, leased, or acquired by comparable arrangement by one (1) person from another person;

(33) "To batch" means to review in the same review cycle and, if applicable, give comparative consideration to all filed applications pertaining to similar types of services, facilities, or equipment affecting the same health service area;

(34) "To establish" means to construct, develop, or initiate a health facility;

(35) "To obligate" means to enter any enforceable contract for the construction, acquisition, lease, or financing of a capital asset. A contract shall be considered enforceable when all contingencies and conditions in the contract have been met. An option to purchase or lease which is not binding shall not be considered an enforceable contract; and

(36) "To offer" means, when used in connection with health services, to hold a health facility out as capable of providing, or as having the means of providing, specified health services.

➔Section 3. KRS 216B.020 is amended to read as follows:

(1) The provisions of this chapter that relate to the issuance of a certificate of need shall not apply to abortion facilities as defined in KRS 216B.015; any hospital which does not charge its patients for hospital services and does not seek or accept Medicare, Medicaid, or other financial support from the federal government or any state government; assisted living residences; family care homes; state veterans' nursing homes; services provided on a contractual basis in a rural primary-care hospital as provided under KRS 216.380; community mental health centers for services as defined in KRS Chapter 210; primary care centers; rural health clinics; private duty nursing services operating as health care services agencies as defined in KRS 216.718; group homes; licensed residential crisis stabilization units; licensed free-standing residential substance use disorder treatment programs with sixteen (16) or fewer beds, but not including Levels I and II psychiatric residential treatment facilities or licensed psychiatric inpatient beds; outpatient behavioral health treatment, but not including partial hospitalization programs; end stage renal disease dialysis facilities, freestanding or hospital based; swing beds; special clinics, including but not limited to wellness, weight loss, family planning, disability determination, speech and hearing, counseling, pulmonary care, and other clinics which only provide diagnostic services with equipment not exceeding the major medical equipment cost threshold and for which there are no review criteria in the state health plan; nonclinically related expenditures; nursing home beds that shall be exclusively limited to on-campus residents of a certified continuing care retirement community; home health services provided by a continuing care retirement community to its on-campus residents; the relocation of hospital administrative or outpatient services into medical office buildings which are on or contiguous to the premises of the hospital; the relocation of acute care beds which occur among acute care hospitals under common ownership and which are located in the same area development district so long as there is no substantial change in services and the relocation does not result in the establishment of a new service at the receiving hospital for which a certificate of need is required; the redistribution of beds by licensure classification within an acute care hospital so long as the redistribution does not increase the total licensed bed capacity of the hospital; residential hospice facilities established by licensed hospice programs; ***freestanding birthing centers as defined in Section 1 of this Act;*** the following health services provided on site in an existing health facility when the cost is less than six hundred thousand dollars ($600,000) and the services are in place by December 30, 1991: psychiatric care where chemical dependency services are provided, level one (1) and level two (2) of neonatal care, cardiac catheterization, and open heart surgery where cardiac catheterization services are in place as of July 15, 1990; or ambulance services operating in accordance with subsection (6), (7), or (8) of this section. These listed facilities or services shall be subject to licensure, when applicable.

(2) Nothing in this chapter shall be construed to authorize the licensure, supervision, regulation, or control in any manner of:

(a) Private offices and clinics of physicians, dentists, and other practitioners of the healing arts, except any physician's office that meets the criteria set forth in KRS 216B.015(5) or that meets the definition of an ambulatory surgical center as set out in KRS 216B.015;

(b) Office buildings built by or on behalf of a health facility for the exclusive use of physicians, dentists, and other practitioners of the healing arts; unless the physician's office meets the criteria set forth in KRS 216B.015(5), or unless the physician's office is also an abortion facility as defined in KRS 216B.015, except no capital expenditure or expenses relating to any such building shall be chargeable to or reimbursable as a cost for providing inpatient services offered by a health facility;

(c) Outpatient health facilities or health services that:

1. Do not provide services or hold patients in the facility after midnight; and

2. Are exempt from certificate of need and licensure under subsection (3) of this section;

(d) Dispensaries and first-aid stations located within business or industrial establishments maintained solely for the use of employees, if the facility does not contain inpatient or resident beds for patients or employees who generally remain in the facility for more than twenty-four (24) hours;

(e) Establishments, such as motels, hotels, and boarding houses, which provide domiciliary and auxiliary commercial services, but do not provide any health related services and boarding houses which are operated by persons contracting with the United States Department of Veterans Affairs for boarding services;

(f) The remedial care or treatment of residents or patients in any home or institution conducted only for those who rely solely upon treatment by prayer or spiritual means in accordance with the creed or tenets of any recognized church or religious denomination and recognized by that church or denomination; and

(g) On-duty police and fire department personnel assisting in emergency situations by providing first aid or transportation when regular emergency units licensed to provide first aid or transportation are unable to arrive at the scene of an emergency situation within a reasonable time.

(3) The following outpatient categories of care shall be exempt from certificate of need and licensure on July 14, 2018:

(a) Primary care centers;

(b) Special health clinics, unless the clinic provides pain management services and is located off the campus of the hospital that has majority ownership interest;

(c) Specialized medical technology services, unless providing a State Health Plan service;

(d) Retail-based health clinics and ambulatory care clinics that provide nonemergency, noninvasive treatment of patients;

(e) Ambulatory care clinics treating minor illnesses and injuries;

(f) Mobile health services, unless providing a service in the State Health Plan;

(g) Rehabilitation agencies;

(h) Rural health clinics; and

(i) Off-campus, hospital-acquired physician practices.

(4) The exemptions established by subsections (2) and (3) of this section shall not apply to the following categories of care:

(a) An ambulatory surgical center as defined by KRS 216B.015(4);

(b) A health facility or health service that provides one (1) of the following types of services:

1. Cardiac catheterization;

2. Megavoltage radiation therapy;

3. Adult day health care;

4. Behavioral health services;

5. Chronic renal dialysis;~~[~~

~~6. Birthing services;]~~ or

6.~~[7.]~~ Emergency services above the level of treatment for minor illnesses or injuries;

(c) A pain management facility as defined by KRS 218A.175(1);

(d) An abortion facility that requires licensure pursuant to KRS 216B.0431; or

(e) A health facility or health service that requests an expenditure that exceeds the major medical expenditure minimum.

(5) An existing facility licensed as an intermediate care or nursing home shall notify the cabinet of its intent to change to a nursing facility as defined in Public Law 100-203. A certificate of need shall not be required for conversion of an intermediate care or nursing home to the nursing facility licensure category.

(6) Ambulance services owned and operated by a city government, which propose to provide services in coterminous cities outside of the ambulance service's designated geographic service area, shall not be required to obtain a certificate of need if the governing body of the city in which the ambulance services are to be provided enters into an agreement with the ambulance service to provide services in the city.

(7) Ambulance services owned by a hospital shall not be required to obtain a certificate of need for the sole purpose of providing non-emergency and emergency transport services originating from its hospital.

(8) (a) As used in this subsection, "emergency ambulance transport services" means the transportation of an individual that has an emergency medical condition with acute symptoms of sufficient severity that the absence of immediate medical attention could reasonably be expected to place the individual's health in serious jeopardy or result in the serious impairment or dysfunction of the individual's bodily organs.

(b) A city or county government that has conducted a public hearing for the purposes of demonstrating that an imperative need exists in the city or county to provide emergency ambulance transport services within its jurisdictional boundaries shall not be required to obtain a certificate of need for the city or county to:

1. Directly provide emergency ambulance transport services as defined in this subsection within the city's or county's jurisdictional boundaries; or

2. Enter into a contract with a hospital or hospitals within its jurisdiction, or within an adjoining county if there are no hospitals located within the county, for the provision of emergency ambulance transport services as defined in this subsection within the city's or county's jurisdictional boundaries.

(c) Any license obtained under KRS Chapter 311A by a city or county for the provision of ambulance services operating under a certificate of need exclusion pursuant to this subsection shall be held exclusively by the city or county government and shall not be transferrable to any other entity.

(d) Prior to obtaining the written agreement of a city, an ambulance service operating under a county government certificate of need exclusion pursuant to this subsection shall not provide emergency ambulance transport services within the boundaries of any city that:

1. Possesses a certificate of need to provide emergency ambulance services;

2. Has an agency or department thereof that holds a certificate of need to provide emergency ambulance services; or

3. Is providing emergency ambulance transport services within its jurisdictional boundaries pursuant to this subsection.

(9) (a) Except where a certificate of need is not required pursuant to subsection (6), (7), or (8) of this section, the cabinet shall grant nonsubstantive review for a certificate of need proposal to establish an ambulance service that is owned by a:

1. City government;

2. County government; or

3. Hospital, in accordance with paragraph (b) of this subsection.

(b) A notice shall be sent by the cabinet to all cities and counties that a certificate of need proposal to establish an ambulance service has been submitted by a hospital. The legislative bodies of the cities and counties affected by the hospital's certificate of need proposal shall provide a response to the cabinet within thirty (30) days of receiving the notice. The failure of a city or county legislative body to respond to the notice shall be deemed to be support for the proposal.

(c) An ambulance service established under this subsection shall not be transferred to another entity that does not meet the requirements of paragraph (a) of this subsection without first obtaining a substantive certificate of need.

(10) Notwithstanding any other provision of law, a continuing care retirement community's nursing home beds shall not be certified as Medicaid eligible unless a certificate of need has been issued authorizing applications

for Medicaid certification. The provisions of subsection (5) of this section notwithstanding, a continuing care retirement community shall not change the level of care licensure status of its beds without first obtaining a certificate of need.

(11) An ambulance service established under subsection (9) of this section shall not be transferred to an entity that does not qualify under subsection (9) of this section without first obtaining a substantive certificate of need.

(12) (a) The provisions of subsections (7), (8), and (9) of this section shall expire on July 1, 2026.

(b) All actions taken by cities, counties, and hospitals, exemptions from obtaining a certificate of need, and any certificate of need granted under subsections (7), (8), and (9) of this section prior to July 1, 2026, shall remain in effect on and after July 1, 2026.

➔Section 4. KRS 196.173 is amended to read as follows:

(1) Except as provided in subsection (2) of this section, an inmate housed in a jail, penitentiary, or local or state correctional or detention facility, residential center, or reentry center who is known to be pregnant shall be restrained solely with handcuffs in front of her body unless further restraint is required to protect herself or others.

(2) (a) Except in an extraordinary circumstance, no inmate who is known to be pregnant shall be restrained during labor, during transport to a medical facility or ***freestanding*** birthing center for delivery, or during postpartum recovery.

(b) As used in this subsection, "extraordinary circumstance" means that reasonable grounds exist to believe the inmate presents an immediate and credible:

1. Serious threat of hurting herself, staff, or others; or

2. Risk of escape that cannot be reasonably minimized through any method other than restraints.

➔Section 5. KRS 211.122 is amended to read as follows:

(1) The Cabinet for Health and Family Services shall, in cooperation with maternal and infant health and mental health professional societies:

(a) Develop written information on perinatal mental health disorders and make it available on its website for access by ***freestanding*** birthing centers, hospitals that provide labor and delivery services, and the public; and

(b) Provide access on its website to one (1) or more evidence-based clinical assessment tools designed to detect the symptoms of perinatal mental health disorders for use by health care providers providing perinatal care and health care providers providing pediatric infant care.

(2) The Cabinet for Health and Family Services shall establish the Kentucky Maternal and Infant Health Collaborative. The collaborative shall be composed of the following members appointed by the secretary of the Cabinet for Health and Family Services:

(a) Four (4) representatives of health care facilities that provide obstetrical, newborn, maternal, and infant health care, one (1) of whom shall be a member of the Kentucky Chapter of the American College of Obstetricians and Gynecologists;

(b) Two (2) providers of maternal mental health care;

(c) Two (2) representatives of university mental health training programs;

(d) Two (2) maternal health advocates;

(e) Three (3) women, each of whom shall have experience living with at least one (1) of the following:

1. Perinatal mental health disorders;

2. Substance use disorder; and

3. Intimate partner violence;

(f) One (1) public health director of a local health department in the Commonwealth; and

(g) The commissioner of the Department for Public Health or his or her designee.

(3) The purposes of the collaborative shall be:

(a) Improving the quality of prevention and treatment of perinatal mental health disorders;

(b) Promoting the implementation of evidence-based bundles of care to improve patient safety;

(c) Identifying unaddressed gaps in service related to perinatal mental health disorders that are linked to geographic, racial, and ethnic inequalities; lack of screenings; and insufficient access to treatments, professionals, or support groups; and

(d) Exploring grant and other funding opportunities and making recommendations for funding allocations to address the need for services and supports for perinatal mental health disorders.

(4) The collaborative shall annually review the operations of the Kentucky Maternal Psychiatry Access Program established in KRS 211.123.

(5) The objectives set forth in subsection (3) of this section may be achieved by incorporating the collaborative's findings and recommendations into other programs administered by the Cabinet for Health and Family Services that are intended to improve maternal health care quality and safety.

(6) On or before November 1 of each year, the collaborative shall submit a report to the Interim Joint Committee on Families and Children, the Interim Joint Committee on Health Services, and the Advisory Council for Medical Assistance describing the collaborative's work and any recommendations to address identified gaps in services and supports for perinatal mental health disorders.

➔Section 6. KRS 211.647 is amended to read as follows:

(1) The office, on receipt of an auditory screening report of an infant from a hospital or ***freestanding*** ~~[alternative]~~ birthing center in accordance with KRS 216.2970**,** shall review each auditory screening report that indicates a potential hearing loss. The office shall contact the parents to schedule follow-up evaluations or make a referral for evaluations within three (3) business days.

(2) The office shall secure information missing from birth certificates or hospital referral reports which is relevant to identifying infants with a hearing loss.

(3) The office shall establish standards for infant audiological assessment and diagnostic centers based on accepted national standards, including but not limited to the "Guidelines for the Audiologic Assessment of Children From Birth to 5 Years of Age" as published by the American Speech-Language-Hearing Association (ASHA) and the "Year 2007 Position Statement: Principles and Guidelines for Early Hearing Detection and Intervention Programs" as published by the Joint Committee on Infant Hearing (JCIH). The office may promulgate administrative regulations in accordance with KRS Chapter 13A to establish the standards for the centers.

(4) The office shall maintain a list of approved infant audiological assessment and diagnostic centers that meet the standards established by the office. An audiological assessment and diagnostic center included on the list shall meet the standards established by the office. An approved center may voluntarily choose not to be included on the list.

(5) An approved audiology assessment and diagnostic center shall agree to provide requested data to the office for each infant evaluated and on any newly identified children ages birth to three (3) years with a permanent childhood hearing loss within forty-eight (48) hours and make a referral to the Kentucky Early Intervention System point of entry in the service area of the child's residence for services under KRS 200.664. A center shall submit documentation to the office of a referral made to the Kentucky Early Intervention System. A referral received by the Kentucky Early Intervention System from a center shall be considered a referral from the office.

(6) If the audiological evaluation performed by the office contains evidence of a hearing loss, within forty-eight (48) hours the office shall:

(a) Contact the attending physician and parents and provide information to the parents in an accessible format as supplied by the Kentucky Commission on the Deaf and Hard of Hearing; and

(b) Make a referral to the Kentucky Early Intervention System point of entry in the service area of the child's residence for services under KRS 200.664.

(7) The office shall forward a report of an audiological evaluation that indicates a hearing loss, with no information that personally identifies the child, to:

(a) The Kentucky Commission on the Deaf and Hard of Hearing for census purposes; and

(b) The Kentucky Birth Surveillance Registry for information purposes.

(8) Cumulative demographic data of identified infants with a hearing loss shall be made available to agencies and organizations including but not limited to the Cabinet for Health and Family Services and the Early Childhood Advisory Council, requesting the information for planning purposes.

➔Section 7. KRS 211.660 is amended to read as follows:

(1) The Department for Public Health shall establish and maintain a Kentucky birth surveillance registry that will provide a system for the collection of information concerning birth defects, stillbirths, and high-risk conditions. The system may cover all or part of the Commonwealth.

(2) In establishing the system, the department may review vital statistics records, and shall also consider expanding the current list of congenital anomalies and high-risk conditions as reported on birth certificates.

(3) (a) The department may require general acute-care hospitals licensed under KRS Chapter 216B to maintain a list of all inpatients and voluntarily to maintain a list of all outpatients up to the age of five (5) years with a primary diagnosis of a congenital anomaly or high-risk condition as defined by the department upon the recommendation of the appointed advisory committee. Hospital participation regarding its outpatients shall be voluntary and subject to the discretion of each hospital.

(b) The department may require medical laboratories licensed under KRS Chapter 333 to maintain medical records for all persons up to the age of five (5) years with a primary diagnosis of or a laboratory test result indicating congenital anomaly or high-risk condition as defined by the department upon the recommendation of the appointed advisory committee.

(4) Each licensed ***freestanding***~~[free-standing]~~ birthing center, general acute-care hospital licensed under KRS Chapter 216B, and medical laboratory licensed under KRS Chapter 333 shall grant, if required or otherwise participating voluntarily under the provisions of subsection (3) of this section, to any Kentucky Birth Surveillance Registry personnel or his or her designee, upon presentation of proper identification, access to the medical records of any patient meeting the criteria in subsection (3) of this section. If the department's agent determines that copying of the medical records is necessary, associated costs shall be borne by the Department for Public Health at the rate pursuant to KRS 422.317.

(5) No liability of any kind, character, damages, or other relief shall arise or be enforced against any licensed ***freestanding***~~[free-standing]~~ birthing center, general acute-care hospital, or medical laboratory by reason of having provided the information or material to the Kentucky Birth Surveillance Registry.

(6) The Department for Public Health may implement the provisions of KRS 211.651 to 211.670 through the promulgation of administrative regulations in accordance with the provisions of KRS Chapter 13A.

➔Section 8. KRS 213.046 is amended to read as follows:

(1) A certificate of birth for each live birth which occurs in the Commonwealth shall be filed with the state registrar within five (5) working days after such birth and shall be registered if it has been completed and filed in accordance with this section and applicable administrative regulations. No certificate shall be held to be complete and correct that does not supply all items of information called for in this section and in KRS 213.051, or satisfactorily account for their omission except as provided in KRS 199.570(3). If a certificate of birth is incomplete, the state registrar shall immediately notify the responsible person and require that person to supply the missing items, if that information can be obtained.

(2) When a birth occurs in ***a health facility***~~[an institution]~~ or en route thereto, the person in charge of the ***health facility***~~[institution]~~ or that person's designated representative, shall obtain the personal data, prepare the certificate, secure the signatures required, and file the certificate as directed in subsection (1) of this section or as otherwise directed by the state registrar within the required five (5) working days. The physician***, midwife,*** or other person in attendance shall provide the medical information required for the certificate and certify to the fact of birth within five (5) working days after the birth. If the physician***, midwife,*** or other person in attendance does not certify to the fact of birth within the five (5) working day period, the person in charge of the ***health facility***~~[institution]~~ shall complete and sign the certificate.

(3) When a birth occurs in a ***health facility***~~[hospital]~~ or en route thereto to a woman who is unmarried, the person in charge of the ***health facility***~~[hospital]~~ or that person's designated representative shall immediately before or after the birth of a child, except when the mother or the alleged father is a minor:

(a) Meet with the mother prior to the release from the ***health facility***~~[hospital]~~;

(b) Attempt to ascertain whether the father of the child is available in the ***health facility***~~[hospital]~~, and, if so, to meet with him, if possible;

(c) Provide written materials and oral, audio, or video materials about paternity;

(d) Provide the unmarried mother, and, if possible, the father, with the voluntary paternity form necessary to voluntarily establish paternity;

(e) Provide a written and an oral, audio, or video description of the rights and responsibilities, the alternatives to, and the legal consequences of acknowledging paternity;

(f) Provide written materials and information concerning genetic paternity testing;

(g) Provide an opportunity to speak by telephone or in person with staff who are trained to clarify information and answer questions about paternity establishment;

(h) If the parents wish to acknowledge paternity, require the voluntary acknowledgment of paternity obtained through the ***health facility-based***~~[hospital-based]~~ program be signed by both parents and be authenticated by a notary public;

(i) Upon both the mother's and father's request, help the mother and father in completing the affidavit of paternity form;

(j) Upon both the mother's and father's request, transmit the affidavit of paternity to the state registrar; and

(k) In the event that the mother or the alleged father is a minor, information set forth in this section shall be provided in accordance with Civil Rule 17.03 of the Kentucky Rules of Civil Procedure.

If the mother or the alleged father is a minor, the paternity determination shall be conducted pursuant to KRS Chapter 406.

(4) The voluntary acknowledgment of paternity and declaration of paternity forms designated by the Vital Statistics Branch shall be the only documents having the same weight and authority as a judgment of paternity.

(5) The Cabinet for Health and Family Services shall:

(a) Provide to all public and private ***health facilities offering obstetric or midwifery services***~~[birthing hospitals]~~ in the state written materials in accessible formats and audio or video materials concerning paternity establishment forms necessary to voluntarily acknowledge paternity;

(b) Provide copies of a written description in accessible formats and an audio or video description of the rights and responsibilities of acknowledging paternity; and

(c) Provide staff training, guidance, and written instructions regarding voluntary acknowledgment of paternity as necessary to operate the ***health services-based***~~[hospital-based]~~ program.

(6) When a birth occurs outside ***a health facility***~~[an institution]~~, verification of the birth shall be in accordance with the requirements of the state registrar and a birth certificate shall be prepared and filed by one (1) of the following in the indicated order of priority:

(a) The ***health care provider***~~[physician]~~ in attendance at or immediately after the birth; or, in the absence of such a person,

(b) A midwife or any other person in attendance at or immediately after the birth; or, in the absence of such a person,

(c) The father, the mother, or in the absence of the father and the inability of the mother, the person in charge of the premises where the birth occurred or of the ***health facility***~~[institution]~~ to which the child was admitted following the birth.

(7) No physician, midwife, or other attendant shall refuse to sign or delay the filing of a birth certificate.

(8) If a birth occurs on a moving conveyance within the United States and the child is first removed from the conveyance in the Commonwealth, the birth shall be registered in the Commonwealth, and the place where the child is first removed shall be considered the place of birth. If a birth occurs on a moving conveyance while in international waters or air space or in a foreign country or its air space and the child is first removed from the conveyance in the Commonwealth, the birth shall be registered in the Commonwealth, but the certificate shall show the actual place of birth insofar as can be determined.

(9) The following provisions shall apply if the mother was married at the time of either conception or birth or anytime between conception and birth:

(a) If there is no dispute as to paternity, the name of the husband shall be entered on the certificate as the father of the child. The surname of the child shall be any name chosen by the parents; however, if the parents are separated or divorced at the time of the child's birth, the choice of surname rests with the parent who has legal custody following birth;

(b) If the mother claims that the father of the child is not her husband and the husband agrees to such a claim and the putative father agrees to the statement, a three (3) way affidavit of paternity may be signed by the respective parties and duly notarized. The state registrar of vital statistics shall enter the name of a nonhusband on the birth certificate as the father and the surname of the child shall be any name chosen by the mother; and

(c) If a question of paternity determination arises which is not resolved under paragraph (b) of this subsection, it shall be settled by the District Court.

(10) The following provisions shall apply if the mother was not married at the time of either conception or birth or between conception and birth or the marital relationship between the mother and her husband has been interrupted for more than ten (10) months prior to the birth of the child:

(a) The name of the father shall not be entered on the certificate of birth. The state registrar shall upon acknowledgment of paternity by the father and with consent of the mother pursuant to KRS 213.121, enter the father's name on the certificate. The surname of the child shall be any name chosen by the mother and father. If there is no agreement, the child's surname shall be determined by the parent with legal custody of the child;

(b) If an affidavit of paternity has been properly completed and the certificate of birth has been filed accordingly, any further modification of the birth certificate regarding the paternity of the child shall require an order from the District Court;

(c) In any case in which paternity of a child is determined by a court order, the name of the father and surname of the child shall be entered on the certificate of birth in accordance with the finding and order of the court; and

(d) In all other cases, the surname of the child shall be any name chosen by the mother.

(11) If the father is not named on the certificate of birth, no other information about the father shall be entered on the certificate. In all cases, the maiden name of the gestational mother shall be entered on the certificate.

(12) Any child whose surname was restricted prior to July 13, 1990, shall be entitled to apply to the state registrar for an amendment of a birth certificate showing as the surname of the child, any surname chosen by the mother or parents as provided under this section.

(13) The birth certificate of a child born as a result of artificial insemination shall be completed in accordance with the provisions of this section.

(14) Each birth certificate filed under this section shall include all Social Security numbers that have been issued to the parents of the child.

(15) Either of the parents of the child, or other informant, shall attest to the accuracy of the personal data entered on the certificate in time to permit the filing of the certificate within five (5) days prescribed in subsection (1) of this section.

(16) When a birth certificate is filed for any birth that occurred outside ***a health facility*** ~~[an institution]~~, the Cabinet for Health and Family Services shall forward information regarding the need for an auditory screening for an infant and a list of options available for obtaining an auditory screening for an infant. The list shall include the Office for Children with Special Health Care Needs, local health departments as established in KRS Chapter 212, ***health facilities*** ~~[hospitals]~~ offering obstetric ***or midwifery*** services, ~~[alternative birthing centers required to provide an auditory screening under KRS 216.2970,]~~audiological assessment and diagnostic centers approved by the Office for Children with Special Health Care Needs in accordance with KRS 211.647 and licensed audiologists, and shall specify the hearing methods approved by the Office for Children with Special Health Care Needs in accordance with KRS 216.2970.

(17) As used in this section, "health facility" has the same meaning as in Section 2 of this Act.

➔Section 9. KRS 214.155 is amended to read as follows:

(1) The Cabinet for Health and Family Services shall operate a newborn screening program for heritable and congenital disorders that includes but is not limited to procedures for conducting initial newborn screening tests on infants twenty-eight (28) days or less of age and definitive diagnostic evaluations provided by a state university-based specialty clinic for infants whose initial screening tests resulted in a positive test. The secretary of the cabinet shall, by administrative regulation promulgated pursuant to KRS Chapter 13A:

(a) Prescribe the times and manner of obtaining a specimen and transferring a specimen for testing;

(b) Prescribe the manner of procedures, testing specimens, and recording and reporting the results of newborn screening tests; and

(c) Establish and collect fees to support the newborn screening program.

(2) The administrative officer or other person in charge of each ***health facility*** ~~[institution]~~ caring for infants twenty-eight (28) days or less of age and the person required in pursuance of the provisions of KRS 213.046 shall register the birth of a child and cause to have administered to every such infant or child in ~~[its or]~~ his**,** ***her, or the facility's*** care tests for heritable disorders, including but not limited to phenylketonuria (PKU), sickle cell disease, congenital hypothyroidism, galactosemia, medium-chain acyl-CoA dehydrogenase deficiency (MCAD), very long-chain acyl-CoA deficiency (VLCAD), short-chain acyl-CoA dehydrogenase deficiency (SCAD), maple syrup urine disease (MSUD), congenital adrenal hyperplasia (CAH), biotinidase disorder, cystic fibrosis (CF), 3-methylcrotonyl-CoA carboxylase deficiency (3MCC), 3-OH 3-CH3 glutaric aciduria (HMG), argininosuccinic acidemia (ASA), beta-ketothiolase deficiency (BKT), carnitine uptake defect (CUD), citrullinemia (CIT), glutaric acidemia type I (GA I), Hb S/beta-thalassemia (Hb S/Th), Hb S/C disease (Hb S/C), homocystinuria (HCY), isovaleric acidemia (IVA), long-chain L-3-OH acyl-CoA dehydrogenase deficiency (LCAD), methylmalonic acidemia (Cbl A,B), methylmalonic acidemia mutase deficiency (MUT), multiple carboxylase deficiency (MCD), propionic acidemia (PA), trifunctional protein deficiency (TFP), tyrosinemia type I (TYR I), spinal muscular atrophy (SMA), and krabbe disease. The listing of tests for heritable disorders to be performed shall include all conditions consistent with the recommendations of the American College of Medical Genetics.

(3) The administrative officer or other person in charge of each ***health facility*** ~~[institution]~~ caring for infants twenty-eight (28) days or less of age and the person required in pursuance of the provisions of KRS 213.046 shall register the birth of a child and cause to have administered to every such infant or child in ~~[its or]~~ his**,** ***her, or the facility's*** care a screening for critical congenital heart disease (CCHD) prior to discharge unless CCHD has been ruled out or diagnosed with prior echocardiogram or prenatal diagnosis of CCHD.

(4) Each health care provider of newborn care shall provide an infant's parent or guardian with information about the newborn screening tests required under subsections (2) and (3) of this section. The ***health facility*** ~~[institution]~~ or health care provider shall arrange for appropriate and timely follow-ups to the newborn screening tests, including but not limited to additional diagnoses, evaluation, and treatment when indicated.

(5) Nothing in this section shall be construed to require the testing of any child whose parents are members of a nationally recognized and established church or religious denomination, the teachings of which are opposed to medical tests, and who object in writing to the testing of his or her child on that ground.

(6) The cabinet shall make available the names and addresses of health care providers, including but not limited to physicians, nurses, and nutritionists, who may provide postpartum home visits to any family whose infant or child has tested positive for a newborn screening test.

(7) A parent or guardian shall be provided information by the ***health facility*** ~~[institution]~~ or health care provider of newborn care about the availability and costs of screening tests not specified in subsections (2) and (3) of this section. The parent or guardian shall be responsible for costs relating to additional screening tests performed under this subsection, and these costs shall not be included in the fees established for the cabinet's newborn screening program under subsection (1) of this section. All positive results of additional screening of these tests shall be reported to the cabinet by the ***health facility*** ~~[institution]~~ or health care provider.

(8) (a) For the purposes of this subsection, a qualified laboratory means a clinical laboratory not operated by the cabinet that is accredited pursuant to 42 U.S.C. sec. 263a, licensed to perform newborn screening testing in any state, and reports its screening results using normal pediatric reference ranges.

(b) The cabinet shall enter into agreements with public or private qualified laboratories to perform newborn screening tests if the laboratory operated by the cabinet is unable to screen for a condition specified in subsection (2) of this section.

(c) The cabinet may enter into agreements with public or private qualified laboratories to perform testing for conditions not specified in subsection (2) of this section. Any agreement entered into under this paragraph shall not preclude ***a health facility***~~[an institution]~~ or health care provider from conducting newborn screening tests for conditions not specified in subsections (2) and (3) of this section by utilizing other public or private qualified laboratories.

(9) The secretary for health and family services or his or her designee shall apply for any federal funds or grants available through the Public Health Service Act and may solicit and accept private funds to expand, improve, or evaluate programs to provide screening, counseling, testing, or specialty services for newborns or children at risk for heritable disorders.

(10) ***As used in this section, "health facility" has the same meaning as in Section 2 of this Act.***

(11) This section shall be cited as the James William Lazzaro and Madison Leigh Heflin Newborn Screening Act.

➔Section 10. KRS 214.565 is amended to read as follows:

As used in KRS 214.565 to 214.571:

(1) "Department" means the Department for Public Health in the Cabinet for Health and Family Services;

(2) ***"Health care provider" means a licensed provider who has the care of pregnant women within his or her professional scope of practice; and***

(3) "Health facility" has the same meaning as in KRS 216B.015~~[; and~~

~~(3) "Physician" means any person licensed to practice medicine under KRS Chapter 311]~~.

➔Section 11. KRS 214.567 is amended to read as follows:

(1) The department shall make available to the public on its ***website***~~[Web site]~~ educational resources regarding the incidence of congenital cytomegalovirus, including information about:

(a) The transmission of congenital cytomegalovirus before and during pregnancy;

(b) Birth defects caused by congenital cytomegalovirus;

(c) Methods of diagnosing congenital cytomegalovirus;

(d) Available preventive measures; and

(e) Resources available to the family of an infant born with congenital cytomegalovirus.

(2) The department may solicit and accept the assistance of relevant medical associations or community resources to develop, promote, and distribute the public educational resources.

(3) A health facility or ***health care provider***~~[physician]~~ providing obstetric or prenatal services shall provide pregnant women or women who may become pregnant with the information listed in subsection (1) of this section or provide the patients with a link to the ***website***~~[Web site]~~ described in subsection (1) of this section.

➔Section 12. KRS 214.569 is amended to read as follows:

Every infant in this state who is given an auditory screening test described in KRS 216.2970, and fails the initial two (2) screenings or has other risk factors associated with congenital cytomegalovirus, shall be tested for congenital cytomegalovirus not later than twenty-one (21) days after the date of birth by the health facility or ***health care provider***~~[physician]~~ providing services to the infant, unless the parents or guardians of the infant opt out of testing.

➔Section 13. KRS 216.2920 is amended to read as follows:

As used in KRS 216.2920 to 216.2929, unless the context requires otherwise:

(1) "Ambulatory facility" means an outpatient facility, including an ambulatory surgical facility, ~~[freestanding birth center,]~~freestanding or mobile technology unit, or an urgent treatment center, that is not part of a hospital and that provides one (1) or more ambulatory procedures to patients not requiring hospitalization;

(2) "Cabinet" means the Cabinet for Health and Family Services;

(3) "Charge" means all amounts billed by a hospital or ambulatory facility, including charges for all ancillary and support services or procedures, prior to any adjustment for bad debts, charity contractual allowances, administrative or courtesy discounts, or similar deductions from revenue. However, if necessary to achieve

comparability of information between providers, charges for the professional services of hospital-based or ambulatory-facility-based physicians shall be excluded from the calculation of charge;

(4) "Facility" means any hospital, health care service, ***freestanding birthing center,*** or other health care facility, whether operated for profit or not;

(5) "***Health care***~~[Health care]~~ provider" or "provider" means any pharmacist as defined pursuant to KRS Chapter 315, and any of the following independent practicing practitioners:

(a) Physicians, osteopaths, and podiatrists licensed pursuant to KRS Chapter 311;

(b) Chiropractors licensed pursuant to KRS Chapter 312;

(c) Dentists licensed pursuant to KRS Chapter 313;

(d) Optometrists licensed pursuant to KRS Chapter 320;

(e) Physician assistants regulated pursuant to KRS Chapter 311;

(f) Nurse practitioners licensed pursuant to KRS Chapter 314; and

(g) Other health-care practitioners as determined by the Cabinet for Health and Family Services by administrative regulation promulgated pursuant to KRS Chapter 13A;

(6) "Hospital" means a facility licensed pursuant to KRS Chapter 216B as either an acute-care hospital, psychiatric hospital, rehabilitation hospital, or chemical dependency treatment facility;

(7) "Procedures" means those surgical, medical, radiological, diagnostic, or therapeutic procedures performed by a provider, as periodically determined by the cabinet in administrative regulations promulgated pursuant to KRS Chapter 13A as those for which reports to the cabinet shall be required. "Procedures" also includes procedures that are provided in hospitals or other ambulatory facilities, or those that require the use of special equipment, including fluoroscopic equipment, computer tomographic scanners, magnetic resonance imagers, mammography, ultrasound equipment, or any other new technology as periodically determined by the cabinet;

(8) "Quality" means the extent to which a provider renders care that obtains for patients optimal health outcomes; and

(9) "Secretary" means the secretary of the Cabinet for Health and Family Services.

➔Section 14. KRS 216.2970 is amended to read as follows:

(1) As a condition of licensure or relicensure, all ***health facilities***~~[hospitals]~~ offering obstetric ***or midwifery*** services ~~[and alternative birthing centers with at least forty (40) births per year]~~shall provide an auditory screening for all infants using one (1) of the methods approved by the Office for Children with Special Health Care Needs by administrative regulation promulgated in accordance with KRS Chapter 13A.

(2) An auditory screening report that indicates a finding of potential hearing loss shall be forwarded by the ***health facility***~~[hospital or alternative birthing center]~~ within twenty-four (24) hours of receipt to the:

(a) Attending physician or health care provider;

(b) Parents;

(c) Office for Children with Special Health Care Needs for evaluation or referral for further evaluation in accordance with KRS 211.647; and

(d) Audiological assessment and diagnostic center approved by the office if a follow-up assessment has been scheduled prior to the infant's discharge from the hospital.

(3) An auditory screening report that does not indicate a potential hearing loss shall be forwarded within one (1) week to the Office for Children with Special Health Care Needs with no information that personally identifies the child.

➔Section 15. KRS 216.2921 is amended to read as follows:

(1) The Cabinet for Health and Family Services shall collect, pursuant to KRS 216.2925, analyze, and disseminate information in a timely manner on the cost, quality, and outcomes of health services provided by health facilities and ***health care***~~[health care]~~ providers in the Commonwealth. The cabinet shall make every effort to make health data findings that can serve as a basis to educate consumers and providers for the purpose of improving patient morbidity and mortality outcomes available to the public, and state and local leaders in

health policy, through the cost-effective and timely use of the media and the internet and through distribution of the findings to health facilities and ***health care*** ~~[health care]~~ providers for further dissemination to their patients.

(2) The secretary of the Cabinet for Health and Family Services shall serve as chief administrative officer for the health data collection functions of KRS 216.2920 to 216.2929.

(3) Neither the secretary nor any employee of the cabinet shall be subject to any personal liability for any loss sustained or damage suffered on account of any action or inaction of under KRS 216.2920 to 216.2929.

➔Section 16. KRS 216.2923 is amended to read as follows:

(1) For the purposes of carrying out the provisions of KRS 216.2920 to 216.2929, the secretary may:

(a) Appoint temporary volunteer advisory committees, which may include individuals and representatives of interested public or private entities or organizations;

(b) Apply for and accept any funds, property, or services from any person or government agency;

(c) Make agreements with a grantor of funds or services, including an agreement to make any study allowed or required under KRS 216.2920 to 216.2929; and

(d) Contract with a qualified, independent third party for any service necessary to carry out the provisions of KRS 216.2920 to 216.2929; however, unless permission is granted specifically by the secretary a third party hired by the secretary shall not release, publish, or otherwise use any information to which the third party has access under its contract.

(2) For the purposes of carrying out the provisions of KRS 216.2920 to 216.2929, the secretary shall:

(a) Periodically participate in or conduct analyses and studies that relate to:

1. Health-care costs;

2. Health-care quality and outcomes;

3. ***Health care*** ~~[Health care]~~ providers and health services; and

4. Health insurance costs;

(b) Promulgate administrative regulations pursuant to KRS Chapter 13A that relate to its meetings, minutes, and transactions related to KRS 216.2920 to 216.2929; and

(c) Prepare annually a budget proposal that includes the estimated income and proposed expenditures for the administration and operation of KRS 216.2920 to 216.2929.

(3) The cabinet may promulgate administrative regulations pursuant to KRS Chapter 13A that impose civil fines not to exceed five hundred dollars ($500) for each violation for knowingly failing to file a report as required under KRS 216.2920 to 216.2929. The amount of any fine imposed shall not be included in the allowed costs of a facility for Medicare or Medicaid reimbursement.

➔Section 17. KRS 216.2925 is amended to read as follows:

(1) The Cabinet for Health and Family Services shall establish by promulgation of administrative regulations pursuant to KRS Chapter 13A those data elements required to be submitted to the cabinet by all hospitals and ambulatory facilities, including a timetable for submission and acceptable data forms. Each hospital and ambulatory facility shall be required to report on a quarterly basis information regarding the charge for and quality of the procedures and health-care services performed therein, and as stipulated by administrative regulations promulgated pursuant to KRS Chapter 13A. The cabinet shall accept data that, at the option of the provider, is submitted through a third party, including but not limited to organizations involved in the processing of claims for payment, so long as the data elements conform to the requirements established by the cabinet. The cabinet may conduct statistical surveys of a sample of hospitals, ambulatory facilities, or other providers in lieu of requiring the submission of information by all hospitals, ambulatory facilities, or providers. On at least a biennial basis, the cabinet shall conduct a statistical survey that addresses the status of women's health, specifically including data on patient age, ethnicity, geographic region, and payor sources. The cabinet shall rely on data from readily available reports and statistics whenever possible.

(2) The cabinet shall require for submission to the cabinet by any group of providers, except for physicians providing services or dispensaries, first aid stations, or clinics located within business or industrial establishments maintained solely for the use of their employees, including those categories within the

definition of provider contained in KRS 216.2920 and any further categories determined by the cabinet, at the beginning of each fiscal year after January 1, 1995, and within the limits of the state, federal, and other funds made available to the cabinet for that year, and as provided by cabinet promulgation of administrative regulations pursuant to KRS Chapter 13A, the following:

(a) A list of medical conditions, health services, and procedures for which data on charge, quality, and outcome shall be collected and published;

(b) A timetable for filing information provided for under paragraph (a) of this subsection on a quarterly basis;

(c) A list of data elements that are necessary to enable the cabinet to analyze and disseminate risk-adjusted charge, quality, and outcome information, including mortality and morbidity data;

(d) An acceptable format for data submission that shall include use of the uniform:

1. Health claim form pursuant to KRS 304.14-135 or any other universal health claim form to be determined by the cabinet if in the form of hard copy; or

2. Electronic submission formats as required under the federal Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. sec. 300gg et seq., in the form of magnetic computer tape, computer diskettes, or other electronic media through an electronic network;

(e) Procedures to allow ***health care***~~[health care]~~ providers at least thirty (30) days to review information generated from any data required to be submitted by them, with any reports generated by the cabinet to reflect valid corrections by the provider before the information is released to the public; and

(f) Procedures pertaining to the confidentiality of data collected.

(3) The cabinet shall coordinate but not duplicate its data-gathering activities with other data-collection activities conducted by the Department of Insurance, as well as other state and national agencies that collect health-related service, utilization, quality, outcome, financial, and health-care personnel data, and shall review all administrative regulations promulgated pursuant to KRS 216.2920 to 216.2929 to prevent duplicate filing requirements. The cabinet shall periodically review the use of all data collected under KRS 216.2920 to 216.2929 to assure its use is consistent with legislative intent.

(4) The cabinet shall conduct outcome analyses and effectiveness studies and prepare other reports pertaining to issues involving health-care charges and quality.

(5) The cabinet may independently audit any data required to be submitted by providers as needed to corroborate the accuracy of the submitted data. Any audit may be at the expense of the cabinet and shall, to the extent practicable, be coordinated with other audits performed by state agencies.

(6) The cabinet may initiate activities set forth in subsection (1) or (2) of this section at any time after July 15, 1996.

(7) The Cabinet for Health and Family Services shall collect all data elements under this section using only the uniform health insurance claim form pursuant to KRS 304.14-135, the Professional 837 (ASC X12N 837) format, the Institutional 837 (ASC X12N 837) format, or its successor as adopted by the Centers for Medicare and Medicaid Services.

➔Section 18. KRS 216.2927 is amended to read as follows:

(1) The following types of data shall be deemed as relating to personal privacy and, except by court order, shall not be published or otherwise released by the cabinet or its staff and shall not be subject to inspection under KRS 61.870 to 61.884:

(a) Any data, summary of data, correspondence, or notes that identify or could be used to identify any individual patient or member of the general public, unless the identified individual gives written permission to release the data or correspondence;

(b) Any correspondence or related notes from or to any employee or employees of a provider if the correspondence or notes identify or could be used to identify any individual employee of a provider, unless the corresponding persons grant permission to release the correspondence; and

(c) Data considered by the cabinet to be incomplete, preliminary, substantially in error, or not representative, the release of which could produce misleading information.

(2) ***Health care***~~[Health care]~~ providers submitting required data to the cabinet shall not be required to obtain individual permission to release the data, except as specified in subsection (1) of this section, and, if submission of the data to the cabinet complies with pertinent administrative regulations promulgated pursuant to KRS Chapter 13A, shall not be deemed as having violated any statute or administrative regulation protecting individual privacy.

(3) (a) No less than sixty (60) days after the annual report or reports are published and except as otherwise provided, the cabinet shall make all aggregate data which does not allow disclosure of the identity of any individual patient, and which was obtained for the annual period covered by the reports, available to the public.

(b) Persons or organizations requesting use of the data shall agree to abide by a public-use data agreement and by HIPAA privacy rules referenced in 45 C.F.R. Part 164. The public-use data agreement shall include, at a minimum, a prohibition against the sale or further release of data, and guidelines for the use and analysis of the data released to the public related to provider quality, outcomes, or charges.

(4) Collection of data about individual patients shall include information commonly used to identify an individual for assigning a unique patient identifier. Upon assigning a unique patient identifier, all direct identifying information shall be stripped from the data and shall not be retained by the cabinet or the cabinet's designee.

(5) All data and information collected shall be kept in a secure location and under lock and key when specifically responsible personnel are absent.

(6) Only designated cabinet staff shall have access to raw data and information. The designated staff shall be made aware of their responsibilities to maintain confidentiality. Staff with access to raw data and information shall sign a statement indicating that the staff person accepts responsibility to hold that data or identifying information in confidence and is aware of penalties under state or federal law for breach of confidentiality. Data which, because of small sample size, breaches the confidence of individual patients, shall not be released.

(7) Any employee of the cabinet who violates any provision of this section shall be fined not more than five hundred dollars ($500) for each violation or be confined in the county jail for not more than six (6) months, or both, and shall be removed and disqualified from office or employment.

➔SECTION 19. A NEW SECTION OF KRS CHAPTER 216 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Baby" includes both an unborn child as defined in KRS 311.781 and an infant as defined in KRS 311.821;

(b) "Perinatal" means occurring in, concerned with, or being in the period around the time of birth; and

(c) "Pregnant" has the same meaning as in Section 22 of this Act.

(2) All hospitals and freestanding birthing centers offering obstetric services and maternal-fetal medicine, and the pregnant woman's attending physician or midwife, shall offer to provide or make referrals to a perinatal palliative care program or perinatal palliative care support services for pregnant women, birth fathers, and family members when there is a:

(a) Prenatal diagnosis indicating that a baby may die before or after birth;

(b) Diagnosis of fetal anomalies where the likelihood of long-term survival is uncertain or minimal; or

(c) Newborn who is diagnosed with a potentially life-limiting illness.

(3) Perinatal palliative care programs and support services shall include but not be limited to:

(a) Coordination of care between medical, obstetric, neonatal, and perinatal palliative care providers, hospital staff, and the pregnant woman, birth father, and family members;

(b) Care and specialized support through the remainder of a pregnancy, the birth, the newborn period, and the death;

(c) Providing anticipatory guidance, education, and support for pregnant women, birth fathers, and family members before, during, and after delivery;

(d) Providing resources and referrals as needed;

(e) Assistance with making medical decisions;

(f) Counseling;

(g) Education, including specific information about the baby's diagnosis;

(h) Emotional support;

(i) Guidance on what to expect throughout the grieving process;

(j) Assistance with the creation of memories and keepsakes;

(k) Preparation for meeting the baby and understanding the limitations that may be present at birth;

(l) Pastoral, emotional, and spiritual support for pregnant women, birth fathers, and family members; and

(m) Preparing a plan of care for the baby, which may include medical interventions as needed in the home, hospital, or neonatal hospice.

(4) The Cabinet for Health and Family Services shall create and maintain a list of perinatal palliative care programs and service providers on its website.

(5) Nothing in this section shall be interpreted as permitting any violation of Section 21 or 22 of this Act.

➔Section 20. KRS 311.720 is amended to read as follows:

As used in KRS 311.710 to 311.820, and laws of the Commonwealth unless the context otherwise requires:

(1) ***(a)*** "Abortion" means the ***performance of any act with the intent***~~[use of any means whatsoever]~~ to terminate the ***clinically diagnosable*** pregnancy of a woman known to be pregnant with ***knowledge that the termination by those means will, with reasonable likelihood, cause the death of the unborn child by one (1) or more of the following means:***

1. Administering, prescribing, or providing any abortion-inducing drug as defined in KRS 311.7731, potion, medicine, or any other substance or device to a pregnant female; or

2. Using an instrument or external force on a pregnant female.

(b) "Abortion" does not mean those actions that require separating the pregnant woman from her unborn child when performed by a licensed physician as provided in Section 21 of this Act~~[intent to cause fetal death]~~;

(2) "Accepted medical procedures" means procedures of the type performed in the manner and in a facility with equipment sufficient to meet the standards of medical care which physicians engaged in the same or similar lines of work, would ordinarily exercise and devote to the benefit of their patients;

(3) "Cabinet" means the Cabinet for Health and Family Services of the Commonwealth of Kentucky;

(4) "Consent," as used in KRS 311.710 to 311.820 with reference to those who must give their consent, means an informed consent expressed by a written agreement to submit to an abortion on a written form of consent to be promulgated by the secretary for health and family services;

(5) "Family planning services" means educational, medical, and social services and activities that enable individuals to determine the number and spacing of their children and to select the means by which this may be achieved;

(6) "Fetus" means a human being from fertilization until birth;

(7) "Hospital" means those institutions licensed in the Commonwealth of Kentucky pursuant to the provisions of KRS Chapter 216;

(8) "Human being" means any member of the species homo sapiens from fertilization until death;

(9) "Medical emergency" means any condition which, on the basis of the physician's ***reasonable medical***~~[good faith clinical]~~ judgment, so complicates the medical condition of a pregnant female as to necessitate the immediate abortion of her pregnancy to avert her death or for which a delay will create serious risk of substantial and irreversible impairment of a major bodily function;

(10) "Medical necessity" means a medical condition of a pregnant woman that, in the reasonable ***medical*** judgment of the physician who is attending the woman, so complicates the pregnancy that it necessitates the immediate performance or inducement of an abortion;

(11) "Partial-birth abortion" means an abortion in which the physician performing the abortion partially vaginally delivers a living fetus before killing the fetus and completing the delivery;

(12) ***"Perinatal care" means the health care provided to both the mother and child, including prenatal, intrapartum, and postpartum care, with a focus on optimizing outcomes and addressing potential complications;***

(13) "Physician" means any person licensed to practice medicine in the Commonwealth or osteopathy pursuant to this chapter;

(14)~~[(13)]~~ "Probable gestational age of the embryo or fetus" means the gestational age that, in the judgment of a physician, is, with reasonable probability, the gestational age of the embryo or fetus at the time that the abortion is planned to be performed;

(15)~~[(14)]~~ "Public agency" means the Commonwealth of Kentucky; any agency, department, entity, or instrumentality thereof; any city, county, agency, department, entity, or instrumentality thereof; or any other political subdivision of the Commonwealth, agency, department, entity, or instrumentality thereof;

(16) "Reasonable medical judgment" means the range of conclusions or recommendations that licensed medical practitioners with similarly sufficient training and experience may communicate to a patient based upon current available medical evidence;

(17) "Unborn child" has the same meaning as "unborn human being" in Section 22 of this Act;

(18)~~[(15)]~~ "Vaginally delivers a living fetus before killing the fetus" means deliberately and intentionally delivers into the vagina a living fetus, or a substantial portion thereof, for the purpose of performing a procedure the physician knows will kill the fetus, and kills the fetus; and

(19)~~[(16)]~~ "Viability" means that stage of human development when the life of the unborn child may be continued by natural or life-supportive systems outside the womb of the mother.

➔Section 21. KRS 311.723 is amended to read as follows:

(1) No ***action that requires separating a pregnant woman from her unborn child***~~[abortion]~~ shall be performed**,** except ***the following when performed*** by a physician ***based upon his or her reasonable medical judgment***~~[after either]~~:

(a) ***A medical procedure performed with the intent to save the life or preserve the health of an unborn child***~~[He determines that, in his best clinical judgment, the abortion is necessary];[or]~~

(b) ***Lifesaving miscarriage management, which includes medically necessary interventions when the pregnancy has ended or is in the unavoidable and untreatable process of ending due to spontaneous or incomplete miscarriage;***

(c) Sepsis and hemorrhage emergency medical interventions required when a miscarriage or impending miscarriage results in a life-threatening infection or excessive bleeding;

(d) A medically necessary intervention, inducement, or delivery for the removal of a dead child from the uterine cavity, when documented in the woman's medical record along with the results of an obstetric ultrasound test, confirming that fetal cardiac activity is not present at a gestational age when it should be present;

(e) The removal of an ectopic pregnancy or a pregnancy that is not implanted normally within the endometrial cavity;

(f) The use of methotrexate or similar medications to treat an ectopic pregnancy;

(g) The removal of a molar pregnancy;

(h) A medical procedure necessary based on reasonable medical judgment to prevent the death or substantial risk of death of the pregnant woman due to a physical condition, or to prevent serious, permanent impairment of a life-sustaining organ of a pregnant woman. However, the physician shall make reasonable medical efforts under the circumstances to preserve both the life of the mother and the life of the unborn child in a manner consistent with reasonable medical practice; or

(i) Medical treatment provided to the mother by a licensed physician, which results in the accidental or unintentional injury or death of the unborn human being~~[He receives what he reasonably believes to be a written statement signed by another physician, hereinafter called the "referring physician,"~~

~~certifying that in the referring physician's best clinical judgment the abortion is necessary, and, in addition, he receives a copy of the report form required by KRS 213.101~~].

(2) No ***treatment or procedure authorized under subsection (1) of this section***~~[abortion]~~ shall be performed except in compliance with regulations which the cabinet shall ***promulgate***~~[issue]~~ to ensure that:

(a) ***1.*** Before the ***treatment or procedure***~~[abortion]~~ is performed, the pregnant woman shall have a private medical consultation either with the physician who is to ***provide the treatment or*** perform the ***procedure***~~[abortion]~~ or with the referring physician in a place, at a time and of a duration reasonably sufficient to enable the physician to determine whether, based upon his ***or her reasonable medical***~~[best clinical]~~ judgment, the ***action***~~[abortion]~~ is necessary;

2. The physician shall document in the pregnant woman's medical record the pregnant woman's informed consent to the treatment or procedure following a discussion, acknowledged in writing by the woman, of the risks, benefits, and alternatives to the treatment or procedure, sufficient in scope for a reasonable person to make an informed decision;

(b) The physician who is to ***provide the treatment or*** perform the ***procedure***~~[abortion]~~ or the referring physician will describe the basis for his ***or her reasonable medical***~~[best clinical]~~ judgment that the ***action***~~[abortion]~~ is necessary on a form prescribed by the cabinet as required by KRS 213.101; and

(c) ***1.*** Paragraph (a) of this subsection shall not apply when, in the ***reasonable*** medical judgment of the attending physician based on the particular facts of the case before him ***or her***, there exists a medical emergency. In ***the***~~[such a]~~ case ***of a medical emergency***, the physician shall describe the basis of his ***or her reasonable*** medical judgment that an emergency exists on a form prescribed by the cabinet as required by KRS 213.101***; and***

2. If an emergency exists which limits the time available for documentation or the scope of the informed consent discussion, the physician shall endeavor to complete the requirements of this subsection to the extent possible without undue risk to the woman's life or health and shall promptly complete any required documentation when the emergency no longer exists.

(3) Notwithstanding any statute to the contrary, nothing in this chapter shall be construed as prohibiting a physician from prescribing or a woman from using birth control methods or devices, including, but not limited to, intrauterine devices, oral contraceptives, or any other birth control method or device.

(4) Nothing in this section shall be interpreted as permitting any violation of Section 22 of this Act.

➔Section 22. KRS 311.772 is amended to read as follows:

(1) As used in this section:

(a) "Fertilization" means that point in time when a male human sperm penetrates the zona pellucida of a female human ovum;

(b) "Pregnant" means the human female reproductive condition of having a living unborn human being within her body throughout the entire embryonic and fetal stages of the unborn child from fertilization to full gestation and childbirth; and

(c) "Unborn human being" means an individual living member of the species homo sapiens throughout the entire embryonic and fetal stages of the unborn child from fertilization to full gestation and childbirth.

(2) The provisions of this section shall become effective immediately upon, and to the extent permitted, by the occurrence of any of the following circumstances:

(a) Any decision of the United States Supreme Court which reverses, in whole or in part, Roe v. Wade, 410 U.S. 113 (1973), thereby restoring to the Commonwealth of Kentucky the authority to prohibit abortion; or

(b) Adoption of an amendment to the United States Constitution which, in whole or in part, restores to the Commonwealth of Kentucky the authority to prohibit abortion.

(3) (a) ***Except as provided in Section 21 of this Act,*** no person may knowingly:

1. Administer to, prescribe for, procure for, or sell to any pregnant woman any medicine, drug, or other substance with the specific intent of causing or abetting the termination of the life of an unborn human being; or

2. Use or employ any instrument or procedure upon a pregnant woman with the specific intent of causing or abetting the termination of the life of an unborn human being.

(b) Any person who violates paragraph (a) of this subsection shall be guilty of a Class D felony.

(4) The following shall not be a violation of subsection (3) of this section:

(a) For a licensed physician to perform a medical procedure necessary in reasonable medical judgment to prevent the death or substantial risk of death due to a physical condition, or to prevent the serious, permanent impairment of a life-sustaining organ of a pregnant woman. However, the physician shall make reasonable medical efforts under the circumstances to preserve both the life of the mother and the life of the unborn human being in a manner consistent with reasonable medical practice; or

(b) Medical treatment provided to the mother by a licensed physician which results in the accidental or unintentional injury or death to the unborn human being.

(5) Nothing in this section may be construed to subject the pregnant mother upon whom any abortion is performed or attempted to any criminal conviction and penalty.

(6) Nothing in this section may be construed to prohibit the sale, use, prescription, or administration of a contraceptive measure, drug, or chemical, if it is administered prior to the time when a pregnancy could be determined through conventional medical testing and if the contraceptive measure is sold, used, prescribed, or administered in accordance with manufacturer instructions.

(7) The provisions of this section shall be effective relative to the appropriation of Medicaid funds, to the extent consistent with any executive order by the President of the United States, federal statute, appropriation rider, or federal regulation that sets forth the limited circumstances in which states must fund abortion to remain eligible to receive federal Medicaid funds pursuant to 42 U.S.C. ***sec.***~~[secs.]~~ 1396 et seq.

➔Section 23. The Cabinet for Health and Family Services shall promulgate updated administrative regulations in accordance with KRS Chapter 13A to implement the requirements of Section 1 of this Act by December 1, 2025.

➔Section 24. Sections 1 to 18 of this Act may be cited as the Mary Carol Akers Birth Centers Act.

➔Section 25. Sections 20 to 22 of this Act may be cited as the Love Them Both Act of 2025.

➔Section 26. Whereas it is critical to ensure the health and well-being of a woman experiencing a crisis pregnancy, an emergency is declared to exist, and Sections 20, 21, and 22 of this Act take effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Veto Overridden March 27, 2025.

CHAPTER 122

(HB 136)

AN ACT relating to corrections.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 439.3103 is amended to read as follows:

(1) By December 1 of each year~~[, beginning in 2012,]~~ the department shall submit to the Governor, the ***Legislative Research Commission for referral to the Interim Joint Committee on Judiciary***~~[General Assembly]~~, and the Chief Justice a comprehensive report on its efforts to implement evidence-based practices to reduce recidivism. The report shall include at a minimum:

(a) The percentage of supervised individuals being supervised in accordance with evidence-based practices;

(b) The percentage of state moneys expended by the department for programs that are evidence based, and a list of all programs with identification of which are evidence based;

(c) Specification of supervision policies, procedures, programs, and practices that were created, modified, or eliminated;~~[and]~~

(d) The department's recommendations for resource allocation, and any additional collaboration with other state, regional, or local public agencies, private entities, or faith-based and community organizations***;***

(e) A length of stay report on time served by first time incarcerated individuals released from the department's custody, which shall include for each offense the:

1. Number of persons released;

2. Average sentence in days;

3. Average time served in days;

4. Average percentage of the sentence served;

5. Percentage of persons released on supervision; and

6. Number of persons released who were serving a life sentence or a life sentence without benefit of probation or parole until he or she has served a minimum of twenty-five (25) years of his or her sentence, and the average time served in days; and

(f) A report on persons released from the department's custody on supervision that shall include the following:

1. Demographic information, including but not limited to:

a. Gender;

b. Race;

c. Age group at the time of release;

d. Parental status, and if the person is a parent, whether he or she has any form of custody of his or her children; and

e. Gang affiliation;

2. Case information, including but not limited to:

a. Education level upon release;

b. The number of dependents upon release;

c. The crime of conviction;

d. Whether the person was sentenced on or after July 15, 2024; and

e. The number of days in custody prior to release;

3. Count of:

a. Prior community supervision periods; and

b. Community supervision revocations;

4. Conditions of supervision, including but not limited to:

a. Mental health or substance abuse programming;

b. Cognitive skills or education programming; and

c. Any other condition of supervision;

5. Supervision activities, including but not limited to:

a. The number of technical violations;

b. The number of nontechnical violations;

c. The number of drug tests;

d. The percentage or number of positive drug tests;

e. The number of program completions while on supervision for which the offender received good time credits and attendance has been verified;

f. The number of jobs per year while on parole and the percentage of days employed while on parole; and

g. The number of residence changes to a new zip code during parole;

6. Prior criminal history, including the number of prior arrests and convictions; and

7. Rates of recidivism.

(2) The department shall***:***

(a) Collect all data necessary to prepare the report and may promulgate administrative regulations in accordance with KRS Chapter 13A to implement this section; and

(b) Make the full report and an executive summary available to the general public on its ***website*** ~~[Web site]~~.

➔Section 2. Notwithstanding any provision of law to the contrary, the Department of Corrections shall procure a new inmate communications contract by January 1, 2026.

➔Section 3. Section 1 of this Act takes effect January 1, 2026.

Veto Overridden March 27, 2025.

CHAPTER 123

(HB 399)

AN ACT relating to interference with a legislative proceeding.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 519 IS CREATED TO READ AS FOLLOWS:

As used in Sections 1 to 3 of this Act:

(1) "Conspire" means to engage in activity constituting a criminal conspiracy as defined in KRS 506.040;

(2) "Facilitates" means to engage in activity constituting criminal facilitation as defined in KRS 506.080;

(3) "General Assembly" means the Legislative Research Commission, House of Representatives, Senate, or any committee, subcommittee, interim joint committee, working group, or task force thereof;

(4) "Legislative building" means the Capitol, Capitol Annex, or other structure used by the General Assembly for conducting its business; and

(5) "Person" means any person other than a legislator, legislative staff member, or legislative officer of the House of Representatives or Senate.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 519 IS CREATED TO READ AS FOLLOWS:

(1) A person is guilty of interference with a legislative proceeding in the first degree when, with the intent to disrupt, impede, or prevent the General Assembly from conducting business, he or she:

(a) Knowingly engages in, conspires to engage in, or facilitates another person engaging in disorderly or disruptive conduct in any legislative building; and

(b) The conduct disrupts, impedes, or prevents the General Assembly from conducting business.

(2) Interference with a legislative proceeding in the first degree is:

(a) A Class A misdemeanor; and

(b) A Class D felony for a third or subsequent offense.

(3) Nothing in this section shall be construed to prohibit:

(a) Assembly in traditional public forums, including but not limited to the Capitol rotunda and outdoor areas of the Capitol grounds; or

(b) Attendance at legislative meetings.

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 519 IS CREATED TO READ AS FOLLOWS:

(1) A person is guilty of interference with a legislative proceeding in the second degree when, with the intent to disrupt, impede, or prevent the General Assembly from conducting business, he or she knowingly:

(a) Enters into or remains inside, conspires to enter into or remain inside, or facilitates another person entering into or remaining inside a chamber or gallery of the General Assembly, or another room inside a legislative building that is set aside or designated for the use of the members of the General Assembly; or

(b) Obstructs or impedes, conspires to obstruct or impede, or facilitates another person obstructing or impeding a legislator, legislative officer, or legislative staff member's ingress, egress, or movement within a legislative building.

(2) Interference with a legislative proceeding in the second degree is a Class B misdemeanor for the first offense and a Class A misdemeanor for a second or subsequent offense.

(3) Nothing in this section shall be construed to prohibit:

(a) Assembly in traditional public forums, including but not limited to the Capitol rotunda and outdoor areas of the Capitol grounds; or

(b) Attendance at legislative meetings.

➔Section 4. KRS 431.015 is amended to read as follows:

(1) (a) KRS 431.005 to the contrary notwithstanding, and except as provided in paragraphs (b), (c),~~[and]~~ (d)***, and (e)*** of this subsection, a peace officer shall issue a citation instead of making an arrest for a misdemeanor committed in his or her presence, if there are reasonable grounds to believe that the person being cited will appear to answer the charge. The citation shall provide that the defendant shall appear within a designated time.

(b) A peace officer may make an arrest instead of issuing a citation for a misdemeanor committed in his or her presence if the misdemeanor is:

1. A violation of KRS Chapter 508, 510, or 527, or KRS 189A.010, 511.050, 511.085, 514.110, or 523.110;

2. An offense in which the defendant poses a risk of danger to himself, herself, or another person; or

3. An offense in which the defendant refuses to follow the peace officer's reasonable instructions.

(c) A peace officer shall make an arrest for violations of protective orders issued pursuant to KRS 403.715 to 403.785 or an order of protection as defined in KRS 456.010.

(d) A peace officer may make an arrest or may issue a citation for a violation of KRS 508.030 which occurs in a hospital pursuant to KRS 431.005(1)(f).

(e) A peace officer:

1. May make an arrest for a violation of Section 2 or 3 of this Act; and

2. Shall remove a person who violates Section 2 or 3 of this Act from a legislative building as defined in Section 1 of this Act when the removal is requested by the:

a. Speaker of the House of Representatives;

b. Sergeant-at-Arms of the House of Representatives;

c. President of the Senate;

d. Sergeant-at-Arms of the Senate; or

e. Chair of a committee of the General Assembly.

(2) A peace officer may issue a citation instead of making an arrest for a violation committed in his or her presence but may not make a physical arrest unless there are reasonable grounds to believe that the defendant, if a citation is issued, will not appear at the designated time or unless the offense charged is a violation of KRS

189.223, 189.290, 189.393, 189.520, 189.580, 235.240, 281.600, 511.080, or 525.070 committed in his or her presence or a violation of KRS 189A.010, not committed in his or her presence, for which an arrest without a warrant is permitted under KRS 431.005(1)(e).

(3) A peace officer may issue a citation when he or she has probable cause to believe that the person being issued the citation has committed a misdemeanor outside of his or her presence, if there are reasonable grounds to believe that the person being cited will appear to answer the charge. The citation shall provide that the defendant shall appear within a designated time.

(4) If the defendant fails to appear in response to the citation, or if there are reasonable grounds to believe that he or she will not appear, a complaint may be made before a judge and a warrant shall issue.

(5) When a physical arrest is made and a citation is issued in relation to the same offense the officer shall mark on the citation, in the place specified for court appearance date, the word "ARRESTED" in lieu of the date of court appearance.

Veto Overridden March 27, 2025.

CHAPTER 124

(HB 566)

AN ACT relating to the Kentucky Horse Racing and Gaming Corporation and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 230.210 is amended to read as follows:

As used in this chapter, unless the context requires otherwise:

(1) "Advance deposit account wagering" means a form of pari-mutuel wagering in which an individual may establish an account with a person or entity licensed by the corporation, and may place a pari-mutuel wager through that account that is permitted by law;

(2) "Advance deposit account wagering licensee" means a person or entity licensed by the corporation to conduct advance deposit account wagering and accept deposits and wagers, issue a receipt or other confirmation to the account holder evidencing such deposits and wagers, and transfer credits and debits to and from accounts;

(3) "Amateur youth sporting event" means any sporting event in which an individual:

(a) Shall be less than eighteen (18) years of age to participate; and

(b) Is prohibited, as a condition of participating in the sporting event, from receiving direct or indirect compensation for the use of the individual's athletic skill in any manner with respect to the sport in which the particular sporting event is conducted;

(4) "Appaloosa race" or "Appaloosa racing" means that form of horse racing in which each horse participating in the race is registered with the Appaloosa Horse Club of Moscow, Idaho, and is mounted by a jockey;

(5) "Arabian" means a horse that is registered with the Arabian Horse Registry of Denver, Colorado;

(6) "Association" means any person licensed by the Kentucky Horse Racing and Gaming Corporation under KRS 230.300 and engaged in the conduct of a recognized horse race meeting;

(7) "Charitable gaming" means gaming licensed by the corporation on and after July 1, 2025, as authorized under this chapter and KRS Chapter 238;

(8) "Corporation" means the Kentucky Horse Racing and Gaming Corporation;

(9) "Geofence" means a virtual geographic boundary defined by Global Positioning System (GPS) or Radio Frequency Identification (RFID) technology;

(10) "Harness race" or "harness racing" means trotting and pacing races of the standardbred horses;

(11) "Horse race meeting" means horse racing run at an association licensed and regulated by the Kentucky Horse Racing and Gaming Corporation, and may include Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;

(12) "Host track" means the track conducting racing and offering its racing for intertrack wagering, or, in the case of interstate wagering, means the Kentucky track conducting racing and offering simulcasts of races conducted in other states or foreign countries;

(13) "Interstate wagering" means pari-mutuel wagering on simulcast horse races from a track located in another state or foreign country by patrons at a receiving track or simulcast facility;

(14) "Intertrack wagering" means pari-mutuel wagering on simulcast horse races from a host track by patrons at a receiving track;

(15) "Kentucky~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian purse fund" means a purse fund established to receive funds as specified in KRS 230.3771 for purse programs established in KRS 230.446 to supplement purses for~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian horse races. The purse program shall be administered by the Kentucky Horse Racing and Gaming Corporation;

(16) ***"Kentucky quarter horse purse fund" means a purse fund established to receive funds as specified in Section 11 of this Act for purse programs established in Section 14 of this Act to supplement purses for quarter horse races. The purse program shall be administered by the Kentucky Horse Racing and Gaming Corporation;***

(17) "Kentucky resident" means:

(a) An individual domiciled within this state;

(b) An individual who maintains a place of abode in this state and spends, in the aggregate, more than one hundred eighty-three (183) days of the calendar year in this state; or

(c) An individual who lists a Kentucky address as his or her principal place of residence when applying for an account to participate in advance deposit account wagering;

(18)~~[(17)]~~ "Licensed facility for sports wagering" means the designated areas to conduct sports wagering for a track licensed to conduct sports wagering pursuant to KRS 230.811;

(19)~~[(18)]~~ "Licensed premises" means a track or simulcast facility licensed by the corporation under this chapter;

(20)~~[(19)]~~ "Paint horse" means a horse registered with the American Paint Horse Association of Fort Worth, Texas;

(21)~~[(20)]~~ "Pari-mutuel wagering," "pari-mutuel system of wagering," or "mutuel wagering" each means any method of wagering previously or hereafter approved by the corporation in which one (1) or more patrons wager on a horse race or races, whether live, simulcast, or previously run. Wagers shall be placed in one (1) or more wagering pools, and wagers on different races or sets of races may be pooled together. Patrons may establish odds or payouts, and winning patrons share in amounts wagered including any carryover amounts, plus any amounts provided by an association less any deductions required, as approved by the corporation and permitted by law. Pools may be paid out incrementally over time as approved by the corporation;

(22)~~[(21)]~~ "Person" means an individual, sole proprietorship, partnership, association, fiduciary, corporation, limited liability company, or any other business entity;

(23)~~[(22)]~~ "President" means the president of the Kentucky Horse Racing and Gaming Corporation, who shall serve as chief executive officer of the corporation;

(24)~~[(23)]~~ "Principal" means any of the following individuals associated with a partnership, trust, association, limited liability company, or corporation that is licensed to conduct a horse race meeting or an applicant for a license to conduct a horse race meeting:

(a) The chairman and all members of the board of directors of a corporation;

(b) All partners of a partnership and all participating members of a limited liability company;

(c) All trustees and trust beneficiaries of an association;

(d) The president or chief executive officer and all other officers, managers, and employees who have policymaking or fiduciary responsibility within the organization;

(e) All stockholders or other individuals who own, hold, or control, either directly or indirectly, five percent (5%) or more of stock or financial interest in the collective organization; and

(f) Any other employee, agent, guardian, personal representative, or lender or holder of indebtedness who has the power to exercise a significant influence over the applicant's or licensee's operation;

(25) "Proof of wagers" includes any paper, card, certificate, token, or ticket, which indicates the details of one (1) or more pari-mutuel wagers that were placed and, if such wagers are successful, that winnings are due to the ticket holder from the track;

(26) ~~[(24)]~~ "Quarter horse" means a horse that is registered with the American Quarter Horse Association of Amarillo, Texas;

(27) ~~[(25)]~~ "Receiving track" means a track where simulcasts are displayed for wagering purposes. A track that submits an application for intertrack wagering shall meet all the regulatory criteria for granting an association license of the same breed as the host track, and shall have a heated and air-conditioned facility that meets all state and local life safety code requirements and seats a number of patrons at least equal to the average daily attendance for intertrack wagering on the requested breed in the county in which the track is located during the immediately preceding calendar year;

(28) ~~[(26)]~~ "Simulcast facility" means any facility approved pursuant to KRS 230.380 to simulcast live racing and conduct pari-mutuel wagering on live racing;

(29) ~~[(27)]~~ "Simulcasting" means the telecast of live audio and visual signals of horse races for the purpose of pari-mutuel wagering;

(30) ~~[(28)]~~ "Sporting event" means an event at which two (2) or more persons participate in athletic contests, or an event that takes place in relation to athletic contests as approved by the corporation, but shall not include horse racing or amateur youth sports or athletic events in which the majority of participants are under the age of eighteen (18) years;

(31) ~~[(29)]~~ "Sports governing body" means the organization, league, or association that oversees a sport, prescribes final rules, and enforces codes of conduct with respect to such sport and participants therein;

(32) ~~[(30)]~~ "Sports wagering" means the wagering conducted under this chapter on sporting events or portions of sporting events, or on the individual performance statistics of athletes in a sporting event or combination of sporting events, in conformance with federal law and as authorized by the corporation pursuant to this chapter;

(33) ~~[(31)]~~ "Sports wagering device":

(a) Means a mechanical, electrical, or computerized contrivance, terminal, device, apparatus, software, piece of equipment, or supply approved by the corporation for conducting sports wagering under this chapter; and

(b) Includes a personal computer, mobile device, or other device used in connection with sports wagering not conducted at a licensed facility for sports wagering;

(34) ~~[(32)]~~ "Sports wagering service provider" or "service provider" means a person authorized to conduct or manage sports wagering through an agreement with a track and provide these services at a licensed facility for sports wagering, simulcast facility, or through a website or mobile interface approved by the corporation;

(35) ~~[(33)]~~ "Telephone account wagering" means a form of pari-mutuel wagering where an individual may deposit money in an account at a track and may place a wager by direct telephone call or by communication through other electronic media owned by the holder of the account to the track;

(36) ~~[(34)]~~ "Thoroughbred race" or "Thoroughbred racing" means a form of horse racing in which each horse participating in the race is a Thoroughbred, (i.e., meeting the requirements of and registered with The Jockey Club of New York) and is mounted by a jockey;~~[and]~~

(37) ~~[(35)]~~ "Track" means any association duly licensed by the Kentucky Horse Racing and Gaming Corporation to conduct horse racing and includes:

(a) For facilities in operation as of 2010, the location and physical plant described in the "Commonwealth of Kentucky Initial/Renewal Application for License to Conduct Live Horse Racing, Simulcasting, and Pari-Mutuel Wagering," filed for racing to be conducted in 2010;

(b) Real property of an association, if the association received or receives approval from the corporation after 2010 for a location at which live racing is to be conducted; or

(c) One (1) facility or real property that is:

1. Owned, leased, or purchased by an association within a sixty (60) mile radius of the association's racetrack but not contiguous to racetrack premises, upon corporation approval; and

2. Not within a sixty (60) mile radius of another licensed track premise where live racing is conducted and not within a forty (40) mile radius of a simulcast facility, unless any affected track or simulcast facility agrees in writing to permit a noncontiguous facility within the protected geographic area***;***

(38) "Unclaimed pari-mutuel winning ticket":

(a) Means the proof of wager that would require payment of winnings upon submission to the track, but has been presumed abandoned under Section 42 of this Act; and

(b) Includes proof of wagers from live racing and simulcasting; and

(39) "Unredeemed pari-mutuel voucher":

(a) Means a voucher issued by a licensed track that evidences the value of funds or credits available that a patron may use for placing pari-mutuel wagers on live or previously run horse races, or which the patron may redeem for cash, but has been presumed abandoned under Section 42 of this Act; and

(b) Does not include:

1. Any proof of wagers or any other information related to specific wagers placed on live or historical horse racing; or

2. Any vouchers that were voluntarily surrendered for donation to charity or similar purposes.

➔Section 2. KRS 230.215 (Effective July 1, 2025) is amended to read as follows:

(1) (a) It is the policy of the Commonwealth of Kentucky, in furtherance of its responsibility to foster and to encourage legitimate occupations and industries in the Commonwealth and to promote and to conserve the public health, safety, and welfare, and it is hereby declared the intent of the Commonwealth to foster and to encourage the horse breeding industry within the Commonwealth and to encourage the improvement of the breeds of horses.

(b) Further, it is the policy and intent of the Commonwealth to foster and to encourage the business of legitimate horse racing with pari-mutuel wagering thereon in the Commonwealth on the highest possible plane. Further, it hereby is declared the policy and intent of the Commonwealth that all racing not licensed under this chapter is a public nuisance and may be enjoined as such.

(c) Further, it is hereby declared the policy and intent of the Commonwealth that the conduct of horse racing, or the participation in any way in horse racing, or the entrance to or presence where horse racing is conducted, is a privilege and not a personal right; and that this privilege may be granted or denied by the corporation or its duly approved representatives acting in its behalf.

(d) Further, it is hereby declared the policy and intent of the Commonwealth that citizens shall be allowed to enjoy wagering on sporting events in a controlled environment that protects the citizens from cheating and fraud, and that such wagering shall be best controlled and overseen by the Kentucky Horse Racing and Gaming Corporation, which has demonstrated a long and successful history of regulating wagering.

(e) Further, it is hereby declared the policy and intent of the Commonwealth that charitable gaming conducted by charitable organizations is an important method of raising funds for legitimate charitable purposes and is in the public interest. The intent of this chapter and KRS Chapter 238 is to prevent the commercialization of charitable gaming, to prevent participation in charitable gaming by criminal and other undesirable elements, and to prevent the diversion of funds from legitimate charitable purposes, and that charitable gaming shall be~~[best controlled and]~~ overseen by the Kentucky Horse Racing and Gaming Corporation.

(f) It is hereby declared the intent of the Commonwealth to vest in the corporation the power to regulate the industries under its jurisdiction and ensure compliance, transparency, and protection of the public in accordance with applicable law.

(2) (a) It is hereby declared the purpose and intent of this chapter in the interest of the public health, safety, and welfare, to vest in the corporation forceful control of horse racing in the Commonwealth with~~[plenary]~~

power to promulgate administrative regulations prescribing conditions under which all legitimate horse racing and wagering thereon is conducted in the Commonwealth so as to encourage the improvement of the breeds of horses in the Commonwealth, to regulate and maintain horse racing at horse race meetings in the Commonwealth of the highest quality and free of any corrupt, incompetent, dishonest, or unprincipled horse racing practices, and to regulate and maintain horse racing at race meetings in the Commonwealth so as to dissipate any cloud of association with the undesirable and maintain the appearance as well as the fact of complete honesty and integrity of horse racing in the Commonwealth.

(b) In addition, it is hereby declared the purpose and intent of this chapter to vest in the corporation exclusive jurisdiction over sports wagering in the Commonwealth, with~~[plenary]~~ power to promulgate administrative regulations prescribing conditions under which all sports wagering is to be conducted.

(c) In addition to the general powers and duties vested in the corporation by this chapter, it is the intent hereby to vest in the corporation the power to eject or exclude from association grounds or any part thereof any person, licensed or unlicensed, whose conduct or reputation is such that his or her presence on association grounds may, in the opinion of the corporation, reflect on the honesty and integrity of horse racing or interfere with either the orderly conduct of horse racing or the orderly conduct of sports wagering.

(d) In addition, it is hereby declared the purpose and intent of this chapter to vest in the corporation exclusive jurisdiction over charitable gaming in the Commonwealth, with~~[plenary]~~ power to promulgate administrative regulations prescribing conditions under which all charitable gaming is to be conducted.

(e) In addition to the general powers and duties vested in the corporation by this chapter, it is the intent hereby to vest in the corporation the power to eject or exclude from charitable gaming facilities or any part thereof any person, licensed or unlicensed, whose conduct or reputation is such that his or her presence at a charitable gaming facility may, in the opinion of the corporation, reflect on the honesty and integrity of charitable gaming or interfere with the orderly conduct of charitable gaming.

➔Section 3. KRS 230.225 is amended to read as follows:

(1) There is hereby created and established the Kentucky Horse Racing and Gaming Corporation to regulate all forms of live horse racing, pari-mutuel wagering, sports wagering, breed integrity and development, and on and after July 1, 2025, charitable gaming, in the Commonwealth, exclusive of the state lottery established under KRS Chapter 154A. It shall be an independent, de jure municipal corporation and political subdivision of the Commonwealth of Kentucky which shall be a public body corporate and politic. The corporation shall be deemed a public agency within the meaning of KRS 61.805 and 61.870. The corporation shall be managed in such a manner that enables the people of the Commonwealth to benefit from its actions and to enjoy the best possible racing and gaming experiences. The General Assembly hereby recognizes that the operations of racing and gaming are unique activities for state government and that a corporate structure will best enable racing and gaming to be managed in a businesslike manner. It is the intent of the General Assembly that the Kentucky Horse Racing and Gaming Corporation shall be accountable to the Governor, the General Assembly, and the people of the Commonwealth.

(2) (a) ***1.*** The Auditor of Public Accounts shall perform an~~[annual]~~ audit of the corporation ***once every four (4) years***, a copy of which shall be sent to the Governor and the Legislative Research Commission.

2. A different auditing entity that is qualified to evaluate municipal corporations shall conduct an annual audit of the corporation once each year in every year when the Auditor of Public Accounts does not perform an audit. A copy of this audit shall be sent to the Governor and Legislative Research Commission.

3. This first audit conducted under this subsection shall cover fiscal year 2026-2027.

(b) The corporation shall submit a written annual report to the Governor and the Legislative Research Commission on or before July 1 of each year. The first report shall be due July 1, 2025. The corporation shall file any additional reports requested by the Governor or the Legislative Research Commission. The annual report shall include the following information:

1. The receipts and disbursements of the corporation; and

2. Actions taken by the corporation.

(c) The corporation may submit any additional information and recommendations that the corporation considers useful or that the Governor or the Legislative Research Commission requests.

(3) The Kentucky Horse Racing and Gaming Corporation shall be administered by a board of directors to regulate the conduct of:

(a) Live horse racing;

(b) Pari-mutuel wagering;

(c) Sports wagering;

(d) Charitable gaming on and after July 1, 2025;

(e) Breed integrity and development; and

(f) Related activities within the Commonwealth of Kentucky.

(4) (a) The corporation shall establish and maintain a general office for the transaction of its business and may, in its discretion, establish a branch office or offices.

(b) The corporation may hold meetings at any of its offices or at any other place at its convenience.

(c) A majority of the voting members of the corporation shall constitute a quorum for the transaction of its business or exercise of any of its powers.

(5) Except as otherwise provided, the corporation shall be responsible for the following:

(a) Developing and implementing programs designed to ensure the safety and well-being of horses, jockeys, and drivers;

(b) Developing programs and procedures that will~~[aggressively]~~ fulfill its oversight and regulatory role on such matters as medical practices and integrity issues;

(c) Recommending tax incentives and implementing incentive programs to ensure the strength and growth of the equine industry;

(d) Designing and implementing programs that strengthen the ties between Kentucky's horse industry and the state's universities, with the goal of significantly increasing the economic impact of the horse industry on Kentucky's economy, improving research for the purpose of promoting the enhanced health and welfare of the horse, and other related industry issues;

(e) Developing and supporting programs which ensure that Kentucky remains in the forefront of equine research;

(f) Designing and implementing programs that support and ensure breed integrity and development;

(g) Developing monitoring programs to ensure the highest integrity of sporting events and sports wagering;

(h) Developing a program to share wagering information with sports governing bodies upon which sports wagering may be conducted. The program shall be designed to assist the corporation in determining potential problems or questionable activity and provide reports to sports governing bodies effectively;

(i) Developing programs and procedures that will~~[aggressively]~~ fulfill its oversight and regulatory role to ensure the highest integrity in charitable gaming;

(j) Developing programs and procedures that will~~[aggressively]~~ provide oversight and regulation for all current forms of gaming and wagering;

(k) Annually evaluating the allocation and use of funds among the purposes listed in Section 10 of this Act from unredeemed pari-mutuel vouchers; and

(l)~~[(k)]~~ Ensuring that the correct responsibilities are assigned to each of its offices as established in KRS 230.232.

(6) (a) The corporation shall ~~[:~~

~~1.]~~conduct all procurements in accordance with procedures which are not inconsistent with the provisions of KRS Chapter 45A and this chapter; provided, however, that this chapter shall control if and to the extent that any provision in this chapter is expressly inconsistent with any provision of KRS Chapter 45A.~~[; or]~~

(b) ~~[2.]~~ ***The corporation may*** promulgate administrative regulations establishing its procurement procedures. If the corporation elects to promulgate administrative regulations establishing its procurement procedures rather than conduct procurements in accordance with KRS Chapter 45A, the corporation may include sections of KRS Chapter 45A as part of its administrative regulations.

(c) ~~[(b)]~~ Major procurements for personal service contracts shall not be subject to the requirements of KRS 45A.695(2)(b) due to the unique operational activities conducted for state government by the corporation. The corporation's procurement procedures or administrative regulations shall be designed to provide for the purchase of supplies, equipment, services, and construction items that provide the greatest long-term benefit to the state and the greatest integrity for the corporation and the public.

(d) ~~[(c)]~~ In its bidding and negotiation processes, the corporation may do its own bidding and procurement, or may utilize the services of the Finance and Administration Cabinet, or a combination thereof. The president of the corporation may, in lieu of the secretary of the Finance and Administration Cabinet, declare an emergency for purchasing purposes.

(7) Corporation records shall be open and subject to public inspection in accordance with KRS 61.870 to 61.884 unless:

(a) A record is exempted from inspection under KRS 61.878;

(b) A record involves a trade secret or other legally protected intellectual property or confidential proprietary information of the corporation or of an applicant, licensee, individual, or entity having submitted information of such character to the corporation, in which case, the portion of the record relating to these subjects may be closed; or

(c) The disclosure of the record could impair or adversely affect the operational security of the corporation in the regulation of matters within its jurisdiction or could impair or adversely impact the operational security of applicants or licensees.

(8) Meetings of the corporation through its board of directors shall be open to the public in accordance with KRS 61.800 to 61.850 unless the exceptions set forth in KRS 61.810 apply or the meeting addresses trade secrets, confidential or proprietary information, or operational security issues as described in subsection (7)(c) of this section. If this is the case, the corporation may meet in closed session and shall follow the procedures set forth in KRS 61.815.

(9) ***The corporation may participate in all state agency price contracts to the same extent as agencies of the Commonwealth in accordance with KRS 45A.050(3).***

(10) (a) The corporation is hereby authorized to accept and expend such moneys as may be appropriated by the General Assembly or such moneys as may be received from any source for effectuating its purposes, including without limitation the payment of the initial expenses of administration and operation of the corporation.

(b) After the transfer to the corporation of any funds appropriated in fiscal year 2024-2025 and fiscal year 2025-2026 for the administration of this chapter and KRS Chapter 238, the corporation shall be self-sustaining and self-funded and moneys in the state general fund shall not be used or obligated to pay the expenses of the corporation.

(11) ~~[(10)]~~ On July 1, 2024:

(a) The Kentucky Horse Racing and Gaming Corporation shall assume all responsibilities of the Kentucky Horse Racing Commission;

(b) The Kentucky Horse Racing Commission shall be abolished and all employees of the Kentucky Horse Racing Commission are transferred to the corporation; and

(c) All personnel, equipment, and funding shall be transferred from the Kentucky Horse Racing Commission to the Kentucky Horse Racing and Gaming Corporation.

(12) ~~[(11)]~~ On July 1, 2025:

(a) The office regulating charitable gaming in the Kentucky Horse Racing and Gaming Corporation shall assume all responsibilities of the Department of Charitable Gaming;

(b) The Department of Charitable Gaming shall be abolished and all employees of the Department of Charitable Gaming are transferred to the corporation; and

(c) All personnel, equipment, and funding shall be transferred from the Department of Charitable Gaming to the Kentucky Horse Racing and Gaming Corporation.

(13)~~[(12)]~~ Notwithstanding any other law to the contrary, nothing in this chapter ***or KRS Chapter 238*** shall authorize the corporation to:

(a) Regulate or control horse sales;

(b) Require the licensure of horse breeders in their capacity as breeders;~~[or]~~

(c) ***Prohibit or restrict any approved, either by statute or administrative regulation, game or charitable gaming activity in use in the Commonwealth as of July 1, 2025, without action by the Kentucky General Assembly; or***

(d) Exercise jurisdiction over matters within the exclusive national authority of entities designated by the laws of the United States of America.

➔Section 4. KRS 230.227 is amended to read as follows:

(1) (a) The affairs and responsibilities of the corporation shall be administered by a board of directors composed of ***seventeen (17)***~~[fifteen (15)]~~ members. All ***seventeen (17)***~~[fifteen (15)]~~ members shall be appointed by the Governor.

(b) The Governor shall appoint a chair and vice chair of the board, subject to the advice and consent of the Senate. A chair or vice chair appointed when the Senate is not in session shall serve only until the next regular session, or special session if such matter is included in the call therefor of the General Assembly, at which time the chair or vice chair shall be subject to confirmation by the Senate. If the Senate is not in session, the appointments shall be subject to review by the Interim Joint Committee on State Government, which shall hold a public hearing and shall transmit its recommendations to the Senate. If the Senate refuses to confirm the chair or vice chair, then the chair or vice chair shall forfeit the office as of the date on which the Senate refuses to confirm the chair or vice chair.

(c) Members of the board appointed by the Governor shall serve a term of four (4) years ***unless a member is removed***, except ***the initial appointments under subsection (6)(c) of this section shall be as follows:***~~[as otherwise provided in this section]~~

1. Two (2) year terms shall be served by:

a. The five (5) members appointed under subsection (2)(b)2., 4., 6., 8., and 11.;

b. Two (2) appointees under subsection (2)(b)1.;

c. One (1) appointee under subsection (2)(b)5.; and

d. One (1) appointee under subsection (2)(b)9.; and

2. Three (3) year terms shall be served by:

a. The three (3) members appointed under subsection (2)(b)3., 7., and 10.;

b. One (1) appointee under subsection (2)(b)1.;

c. Two (2) appointees under subsection (2)(b)5.; and

d. Two (2) appointees under subsection (2)(b)9.

(2) For appointments of the board of directors:

(a) Any member appointed to fill a vacancy occurring other than by expiration of a term shall be appointed for the remainder of the unexpired term; and

(b) In making appointments, the Governor shall appoint members who meet the following qualifications:

1. Three (3) members who represent the Thoroughbred industry~~[:~~

~~a. One (1) member shall serve a one (1) year term, with any subsequent terms lasting four (4) years;~~

~~b. One (1) member shall serve a two (2) year term, with any subsequent terms lasting four (4) years; and~~

~~c. One (1) member shall serve a three (3) year term, with any subsequent terms lasting four (4) years~~];

2. One (1) member who represents the standardbred industry;

3. One (1) equine veterinarian who currently practices with race horses;

4. One (1) member shall be selected based on his or her training and experience in the fields of investigation and law enforcement;

5. Three (3) experts in the gaming industry, with knowledge about the technical and logistical sides of the wagering experience. At least one (1) of these experts shall have expertise in the technical and logistical sides of pari-mutuel wagering on previously run horse races;

6. One (1) expert in the operational aspects of the horse industry, with particular knowledge of horse breeding;

7. One (1) expert in the operational aspects of the horse industry, with particular knowledge of horse racing;

8. One (1) horse trainer licensed under this chapter;

9. ***Three (3)*** ~~[Two (2)]~~ charitable gaming representatives;~~[and]~~

10. ***One (1) member who represents the quarter horse industry; and***

11. One (1) at-large member with no financial interest in the business or industry regulated.

(3) (a) A member of the board of directors, by himself or herself or through others, shall not knowingly:

1. Use or attempt to use the member's influence in any manner which involves a substantial conflict between his or her personal or private interest and the member's duties to the corporation;

2. Use or attempt to use any means to influence the corporation in derogation of the corporation;

3. Use the member's official position or office to obtain financial gain for himself or herself, or any spouse, parent, brother, sister, or child of the director; or

4. Use or attempt to use his or her official position to secure or create privileges, exemptions, advantages, or treatment for the member or others in derogation of the interests of the corporation or of the Commonwealth.

(b) A director shall not appear before the board or the corporation in any manner other than as a director.

(c) A director shall abstain from action on an official decision in which he or she has or may have a personal or private interest, and shall disclose the existence of that personal or private interest in writing to each other member of the board on the same day on which the director becomes aware that the interest exists or that an official decision may be under consideration by the board. This disclosure shall cause the decision on these matters to be made in a meeting of the members of the board who do not have the conflict from which meeting the director shall be absent and from all votes on which matters the director shall abstain.

(d) In determining whether to abstain from action on an official decision because of a possible conflict of interest, a director shall consider the following guidelines:

1. Whether a substantial threat to the director's independence of judgment has been created by his or her personal or private interest;

2. The effect of the director's participation on public confidence in the integrity of the corporation and of racing and gaming;

3. Whether the director's participation is likely to have any significant effect on the disposition of the matter;

4. The need for the director's particular contribution, such as special knowledge of the subject matter, to the effective functioning of the corporation; and

5. Whether the official decision will affect the director in a manner differently from the public, or will affect him or her as a member of a business, profession, occupation, or group to no greater extent generally than other members of the director's business, profession, occupation, or group.

Any director may request a vote of the disinterested members of the board on whether any director shall abstain from action on an official decision.

(e) A director shall not knowingly disclose or use confidential information acquired in the course of his or her official duties in order to further the director's own economic interests, or those of any person.

(f) A director shall not knowingly receive, directly or indirectly, any interest or profit arising from the use or loan of corporation funds or funds to be raised through the corporation.

(g) A director shall not knowingly accept compensation, other than that provided in this section for directors, for performance of his or her official duties.

(h) A present or former director shall not, within one (1) year following termination of the director's membership on the board, accept employment, compensation, or other economic benefit from any person or business that contracts or does business with the corporation in matters in which he or she was directly involved during the director's tenure. This provision shall not prohibit an individual from continuing in the same business, firm, occupation, or profession in which he or she was involved prior to becoming a director, provided that, for a period of one (1) year following termination of his or her position as a director, the director personally refrains from working on any matter in which the director was directly involved as a director. A director's involvement in an official decision or other action of the corporation impacting a broad class of persons or entities, and affecting the director to no greater extent generally than the members of the class, shall not prohibit the director's employment or engagement as a member of the class for any period after service as a director.

(i) A director, or a spouse, child, brother, sister, or parent of that director shall not have a financial interest of more than five percent (5%) of the total value of any vendor, other supplier of goods or services to the corporation,~~[retailer,]~~ or related entity. The corporation shall provide each member of the board with a list of all current vendors, which shall be updated on at least a quarterly basis.

(4) The board of directors shall~~[provide the president with private sector perspectives on the operation of a large marketing enterprise. The board shall]~~:

(a) Approve, disapprove, amend, or modify the budget recommended by the president for the operation of the corporation;

(b) Approve, disapprove, amend, or modify the terms of major procurements recommended by the president;

(c)~~[Serve as a board of appeal for any denial, revocation, or cancellation by the president of a contract with a retailer;~~

~~(d)]~~ ***Determine whether to recommend***~~[promulgate]~~ administrative regulations to carry out and implement its powers and duties, the operation of the corporation, the conduct of live horse racing, pari-mutuel wagering, sports wagering, breed integrity and development, and on and after July 1, 2025, charitable gaming, and any other matters necessary or desirable for the efficient and effective operation of the corporation or convenience of the public;~~[and]~~

(d)~~[(e)]~~ Review the performance of the corporation and:

1. Advise the president and make recommendations to him or her regarding operations of the corporation;

2. Identify potential improvements in this chapter, the administrative regulations of the corporation, and the management of the corporation; and

3. Request from the corporation any information the board determines to be relevant to its duties***; and***

(e) Provide the president with private-sector perspectives on the operation of a racing and gaming enterprise.

(5) In all other matters, the board shall advise and make recommendations.

(6) (a) The initial members of the board shall be the members of the Kentucky Horse Racing Commission serving as of July 1, 2024. Those members shall continue to serve as board members of the corporation for two (2) additional years until July 1, 2026***. The initial three (3) board members of the corporation***

who are charitable gaming representatives shall be appointed on or after the effective date of this section to serve until July 1, 2026.

(b) Any board member vacancy that occurs between July 1, 2024, and July 1, 2026, shall be filled by appointment for the remainder of that time period. An appointment of the chair or vice chair created by a vacancy between July 1, 2024, and July 1, 2026, shall require confirmation of the appointment by the Senate as provided in KRS 11.160 and subsection (1) of this section.

(c) Beginning on July 1, 2026, board members shall be appointed for ***initial and*** regular terms in accordance with this section.

(7) (a) Members of the board shall receive no compensation for serving on the board, but shall be reimbursed for travel expenses for attending meetings and performing other official functions consistent with the reimbursement policy for state employees established by KRS 45.101 and administrative regulations promulgated thereunder.

(b) The vice chair may act in the absence of the chair.

(c) Before entering upon the discharge of their duties, all members of the board of directors of the Kentucky Horse Racing and Gaming Corporation shall take the constitutional oath of office.

(8) (a) All persons appointed to the corporation shall be of good moral character and shall not have been convicted of, or under indictment for, a felony in Kentucky, in any other state, in federal court, or in a foreign country.

(b) A board member of the corporation, or any family member of a member of the corporation, at the time of appointment or during the member's tenure on the corporation, shall not be a member of the legislature, a person holding any elective office in the state government, or any officer or official of any political party.

(9) Each appointed board member of the corporation shall be required to undergo a national and state criminal background investigation. The criminal background investigation shall be by means of a fingerprint check by the Department of Kentucky State Police or equivalent state police body in the member's home state and the Federal Bureau of Investigation, pursuant to the following requirements:

(a) The member shall provide his or her fingerprints to the Department of Kentucky State Police, or equivalent state police body in the member's home state, for submission to the Federal Bureau of Investigation after a state criminal background check is conducted;

(b) The results of the national and state criminal background check shall be sent to the corporation;

(c) The corporation shall be prohibited from releasing any criminal history record information to any private or public entity, or authorizing receipt by such private or public entity; and

(d) Any fee charged by the Department of Kentucky State Police or the Federal Bureau of Investigation shall be an amount no greater than the actual cost of processing the request and conducting the background check. The corporation may charge this fee to the member.

(10) (a) The Governor may remove any board member for misfeasance, malfeasance, or nonfeasance in office.

(b) The removal may be made after the member has been served with a copy of the charges against him or her and the member has a public hearing, if requested.

(c) The member charged may request a public hearing. The request shall be in writing and shall be submitted to the Governor's office within ten (10) days of the service of charges upon the member.

(d) If a public hearing is timely requested, the hearing shall be held before a hearing officer appointed by the Governor. The hearing officer shall make findings of fact and conclusions of law based upon the record of the hearing, and shall provide the Governor with a recommendation for action. The Governor's final decision, after recommendation by the hearing officer, may be appealed to the Circuit Court of the county in which the cause of action arose.

(11) Members of the board of directors shall be subject to all applicable provisions of KRS Chapter 11A***, except that this chapter shall control if and to the extent that any provision in this chapter is expressly inconsistent with any provision of KRS Chapter 11A***.

(12) The provisions of KRS Chapters 18A and 64 shall not apply to the board, president, managers, or staff of the corporation.

➔Section 5. KRS 230.230 is amended to read as follows:

(1) The Governor shall appoint a president, who shall act as chief executive officer of the corporation, from a list of ***up to*** three (3) names provided by the board of directors of the corporation. The president ***may be removed by the board of directors***~~[shall serve at the pleasure of the Governor]~~. The president shall have the powers and duties described in this section and other duties directed or prescribed by the corporation.

(2) The president shall be compensated at a level determined by the board.

(3) The president shall have proven successful experience for a period of at least five (5) years at the management level in horse racing or gaming.

(4) The president shall conduct the day-to-day operations of the corporation for the purpose of carrying out the policies and procedures of this chapter and the board. The duties of the president include but are not limited to:

(a) Administering and supervising all operations of the corporation in accordance with the direction of the board and administrative regulations promulgated by the ***corporation***~~[board]~~;

(b) 1. Preparing, submitting, and recommending to the board a proposed ***annual***~~[biennial]~~ budget of the corporation covering the operations of the corporation and, upon approval, submitting the budget, financial status, and actuarial condition of the corporation to the Governor and the General Assembly for their examination; and

2. With the approval of the board, amending or modifying the budget at any time in any manner deemed necessary for the proper operation of the corporation;

(c) Directing and controlling all expenditures of the approved budget;

(d) Recommending to the board and administering a system of personnel administration that includes benefits, grievance procedures, training, and compensation;

(e) Preparing and administering fiscal, payroll, accounting, data processing, and procurement procedures for the operation of the corporation;

(f) Recommending to the board bylaws and uniform procedures for the management of the corporation;

(g) Within the limitations of the budget, employing necessary personnel in accordance with the personnel policies of the board;

(h) Maintaining appropriate levels of property, casualty, and liability insurance as approved by the board to protect the president, managers, employees, and assets of the corporation;

(i) Attending meetings of the board or appointing a designee to attend on his or her behalf;

(j) Preparing annual reports of the corporation's program of work; and

(k) Performing all other duties and responsibilities required by law.

(5) (a) The president may hire a chief operating officer for the corporation.

(b) The president shall hire a chief financial officer for the corporation, who shall:

1. ***Have a bachelor's degree in business, accounting, finance, or other relevant field;***~~[a. Be a certified public accountant licensed by the Commonwealth of Kentucky or by another state; or~~

~~b. Be a public accountant qualified to practice public accounting under KRS Chapter 325; and]~~

2. ~~[a.]~~Have at least ***ten (10)***~~[five (5)]~~ years of~~[progressively responsible]~~ experience ***working*** in ***finance and***~~[general]~~ accounting***, with at least five (5) years in senior level management;***

3. ***Possess***~~[and a]~~ comprehensive knowledge of the principles and practices of corporate finance; ***and***~~[or]~~

4.~~[b.]~~ Possess the qualifications of an expert in the fields of corporate finance, auditing, general finance, gaming, or economics.

(6) The president shall give an official bond in an amount and with sureties approved by the board. The premium for the bond shall be paid by the corporation.

(7) Following the president's ***appointment***~~[confirmation]~~, and during his or her entire term of office, the president shall reside in Kentucky.

(8) The president and the board may conduct an ongoing study of the operation and administration of racing and gaming in other states or countries, of available literature on the subject, of federal laws and regulations which may affect the operation of the corporation, and of the reaction of citizens of this state to existing or proposed racing and gaming, with a view toward implementing improvements that will tend to serve the purposes of this chapter and, on and after July 1, 2025, KRS Chapter 238.

(9) The president may:

(a) Require bond from corporate employees with access to corporate funds or racing or gaming funds, in an amount promulgated in the administrative regulations of the ***corporation***~~[board]~~. The president may also require bond from other employees; and

(b) For good cause, suspend, revoke, or refuse to renew any contract entered into in accordance with:

1. This chapter;

2. On and after July 1, 2025, KRS Chapter 238; or

3. The administrative regulations of the ***corporation***~~[board]~~.

(10) The president shall be subject to all applicable provisions of KRS Chapter 11A***, except that this chapter shall control if and to the extent that any provision in this chapter is expressly inconsistent with any provision of KRS Chapter 11A***.

➔Section 6. KRS 230.232 is amended to read as follows:

(1) The president of the Kentucky Horse Racing and Gaming Corporation shall establish offices within the corporation. Each office shall have specific duties assigned by the president. Topics addressed by the offices shall include but not be limited to the following:

(a) Pari-mutuel wagering;

(b) Live horse racing;

(c) Breed development and integrity;

(d) Sports wagering;

(e) Licensing, compliance, and investigations; and

(f) Charitable gaming.

(2) Each office shall be led by an office manager, and the president shall appoint the manager of each office.

(3) Each office may propose the promulgation of administrative regulations related to its area of jurisdiction, but the corporation shall have final authority to promulgate administrative regulations under this chapter and on and after July 1, 2025, final authority to promulgate administrative regulations under KRS Chapter 238.

(4) The Office of Charitable Gaming shall be responsible for making formal recommendations to the president on the following matters:

(a) Advancement of legal charitable gaming in the Commonwealth;

(b) Recommendations to ensure the highest integrity of charitable gaming activities and that Kentucky advances lawful charitable gaming;

(c) Recommending programs and policy changes to ensure the strength and growth of charitable gaming and the charitable gaming industry; and

(d) Monitor and analyze charitable organizations and technology needs of the charitable gaming industry to determine how best to satisfy those needs.

➔Section 7. KRS 230.234 is amended to read as follows:

(1) (a) Notwithstanding any provision of KRS 61.520 to the contrary, the corporation shall participate in the Kentucky Employees Retirement System effective July 1, 2024, and all eligible employees shall participate in the Kentucky Employees Retirement System effective July 1, 2024.

(b) Notwithstanding any provision of KRS 18A.205 to 18A.275 to the contrary, employees of the corporation shall be:

1. Provided the same health insurance coverage as all other state government employees as provided in KRS 18A.225 to 18A.2287;

2. Provided the same life insurance coverage provided all state employees as provided in KRS 18A.205 to 18A.220; and

3. Eligible to participate in the deferred compensation system provided for all state government employees as provided in KRS 18A.230 to 18A.275.

(c) The Personnel Cabinet and the Kentucky Public Pensions Authority shall assist in the transfer of employees of the Kentucky Horse Racing Commission to the corporation by July 1, 2024, and the Department of Charitable Gaming to the corporation by July 1, 2025.

(2) A manager or employee of the corporation shall not have a financial interest in any vendor doing business or proposing to do business with the corporation.

(3)~~[A manager or employee of the corporation with decision-making authority shall not participate in any decision involving a retailer with whom the manager or employee has a financial interest of five percent (5%) or more of the total value thereof.~~

~~(4) A manager or employee of the corporation who leaves the employ of the corporation shall not represent any vendor, retailer, or related entity before the corporation for a period of two (2) years following termination of employment with the corporation.~~

~~(5)]~~ A background investigation shall be conducted on every applicant who has reached the final selection process prior to employment by the corporation. Applicants may be fingerprinted as a condition of employment. In addition, all office managers of the corporation and employees of the corporation performing duties primarily related to security matters, prior to employment, shall be subject to a background investigation report conducted by the Department of Kentucky State Police. The Department of Kentucky State Police shall be reimbursed by the corporation for the cost of investigations conducted pursuant to this section. A person who has been convicted of a felony, bookmaking or other forms of illegal gambling, or of a crime where dishonesty is a necessary element shall not be employed by the corporation. Any employee of the corporation who is or has been convicted of a felony, bookmaking or any other form of illegal gambling, or of a crime where dishonesty is a necessary element shall be terminated from employment by the corporation, except that this requirement shall not be interpreted to limit the right of the corporation to terminate the employment of any employee, at will, prior to any conviction.

(4)~~[(6)]~~ ***(a)*** Employees of the corporation shall be subject to all applicable provisions of KRS Chapter 11A***, except that this chapter shall control if and to the extent that any provision in this chapter is expressly inconsistent with any provision of KRS Chapter 11A***.

(b) Employees of the corporation shall not be subject to the provisions of KRS Chapters 18A and 64.

➔Section 8. KRS 230.240 is amended to read as follows:

(1) (a) ~~[In addition to the employees referred to in KRS 230.230,]~~The president of the corporation may employ, dismiss, or take other personnel action and determine the reasonable compensation of stewards,~~[supervisors of mutuels, supervisors of sports wagering,]~~ veterinarians, inspectors,~~[accountants, security officers,]~~ and ***persons not otherwise identified in KRS Chapter 230 or 238***~~[other employees]~~ deemed by the president to be essential at or in connection with any horse race meeting and in the best interest of racing~~[, or those deemed by the president to be integral to the conduct of sports wagering]~~.

(b) Three (3) Thoroughbred stewards shall be employed at each Thoroughbred race meeting as follows:

1. Two (2) stewards shall be employed and compensated by the Commonwealth, subject to reimbursement by the racing associations pursuant to subsection (3) of this section; and

2. One (1) Thoroughbred steward shall be employed and compensated by the racing association hosting the race meeting.

(c) Three (3) standardbred judges shall be employed at each standardbred race meeting as follows:

1. Two (2) standardbred judges shall be employed and compensated by the Commonwealth, subject to reimbursement by the racing associations pursuant to subsection (3) of this section; and

2. One (1) standardbred judge shall be employed and compensated by the racing association hosting the race meeting.

(d)~~[The security officers shall be peace officers and conservators of the peace on corporation property and at all race tracks and grounds in the Commonwealth and shall possess all the common law and statutory powers and privileges now available or hereafter made available to sheriffs, constables granted police powers, and police officers for the purpose of enforcing all laws relating directly or indirectly to the conduct of horse racing and pari-mutuel wagering thereon, the conduct of sports wagering, or the enforcement of laws relating to the protection of persons or property on premises licensed by the corporation.~~

~~(e)]~~ The corporation, for the purpose of maintaining integrity and honesty in racing, ***may***~~[shall]~~ prescribe by administrative regulation the powers and duties of the persons employed under this section and qualifications necessary to competently perform their duties. In addition, the corporation shall be responsible for seeing that racing officials employed under the provisions of this section have adequate training to perform their duties in a competent manner.

(2) (a) The corporation ***may***~~[shall]~~ promulgate administrative regulations for effectively preventing the use of improper devices at race meetings or in the conduct of sports wagering, and restricting or prohibiting the use and administration of drugs or stimulants or other improper acts to horses prior to the horse participating in a race.

(b) The corporation may acquire, operate, and maintain, or contract for the maintenance and operation of, a testing laboratory and related facilities, for the purpose of saliva, urine, or other tests, and to purchase supplies and equipment for and in connection with the laboratory or testing processes.

(c) The expense of the laboratory or other testing processes, whether furnished by contract or otherwise, together with all supplies and equipment used in connection therewith, shall be paid by the various associations licensed under this chapter in the manner and in proportions as the corporation ***may***~~[shall]~~ by administrative regulation provide.

(3) (a) The expenses of the corporation and the compensation of all employees referred to in this section shall be paid by the licensee conducting a horse race meeting or pari-mutuel wagering on live or historic horse racing, provided that the expenses of the corporation and the compensation of employees under this section related to administering the system of sports wagering shall be paid by the sports wagering administration fund established in KRS 230.817.

(b)~~[The salary of the president to the corporation shall be prorated among and paid by the various persons licensed under this chapter in the manner as the corporation shall, by administrative regulation, provide.~~

~~(c)]~~ Except for the Thoroughbred steward and the standardbred judge authorized in subsection (1) of this section, the employees referred to in this section shall be~~[deemed employees of the corporation, and are]~~ paid by the licensee or association.

(4) Each person, as a condition precedent to the privilege of receiving a license under this chapter to conduct a horse race meeting, shall be deemed to have agreed to pay expenses and compensation as provided in this section and as may be actually and reasonably incurred.

➔SECTION 9. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO READ AS FOLLOWS:

The state budget director, the secretary of the Finance and Administration Cabinet, the Department of Revenue, and the State Treasurer shall transfer to the corporation all existing moneys, including carry forward balances and interest, by June 30, 2025, and any future receipts shall be dispersed to the following corporate accounts:

(1) Kentucky Thoroughbred development fund;

(2) Kentucky quarter horse development fund;

(3) Kentucky quarter horse purse fund;

(4) Kentucky paint horse, Appaloosa, and Arabian development fund;

(5) Kentucky paint horse, Appaloosa, and Arabian purse fund;

(6) Kentucky standardbred development fund;

(7) Kentucky Thoroughbred breeders incentive fund;

(8) Kentucky standardbred breeders incentive fund;

(9) Kentucky horse breeders incentive fund;

(10) Kentucky Racing Health and Welfare Fund, Inc.;

(11) Harness racing at county fairs under KRS 230.398;

(12) Backside improvement fund;

(13) Kentucky Thoroughbred Owners and Breeders, Inc. under KRS 230.380;

(14) Kentucky horse racing and gaming administration fund;

(15) Thoroughbred, standardbred, and American quarter horse aftercare facilities under subsection (1)(d)4.d.i. of Section 33 of this Act;

(16) Kentucky equine management internship under subsection (1)(d)4.d.ii. of Section 33 of this Act;

(17) Equine drug research fund; and

(18) Charitable gaming regulatory account.

➔SECTION 10. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO READ AS FOLLOWS:

Notwithstanding any law to the contrary:

(1) All funds from unredeemed pari-mutuel vouchers presumed abandoned under Section 42 of this Act shall be deemed property of the licensed association. All licensed associations shall report to the corporation by December 31 of each year their use of funds from unredeemed pari-mutuel vouchers. The funds from unredeemed pari-mutuel vouchers shall be used in the following manner:

(a) For Thoroughbreds, standardbreds, quarter horses, paint horses, Appaloosas, or Arabian horses by using:

1. Twenty-five percent (25%) for the administration and regulation of live horse racing; and

2. Sixty-five percent (65%) for health, safety, or track and facility improvements, at a licensed track in Kentucky, and:

a. As a condition for using moneys under this subparagraph, a licensed association shall agree to comply with any requirements that the corporation determines;

b. The moneys used under this subparagraph shall be used for health and safety improvements, as well as construction projects, including without limitation, barns, living quarters, kitchens, dormitories, and recreational areas; and

c. A licensed association may agree to a transfer of these moneys to another licensed association or track with the approval of the corporation; and

(b) By transferring ten percent (10%) to the corporation to be deposited in the Kentucky problem gambling assistance account established by KRS 230.826; and

(2) All funds held by a licensed track from unredeemed pari-mutuel vouchers:

(a) Issued at least one (1) year prior to the effective date of this section shall be deemed property of the licensed track; and

(b) Shall be separated, maintained, and used in the manner provided in this section.

➔Section 11. KRS 230.3771 is amended to read as follows:

(1) A Thoroughbred track licensed to conduct Thoroughbred racing may receive interstate simulcasts of Thoroughbred, quarter horse, paint horse, Appaloosa, and Arabian horse races, and conduct interstate wagering thereon, subject to the following limitations:

(a) A Thoroughbred receiving track may receive interstate simulcasts of Thoroughbred races and conduct interstate wagering thereon at any time of day and during any live Thoroughbred horse race meet conducted in the Commonwealth of Kentucky so long as the Thoroughbred receiving track conducting interstate wagering remits to the Thoroughbred host track conducting a live meet, from the first

awarded day of its live meet through the last awarded day of the same live meet, the amounts provided in paragraph (j) of this subsection.

(b) A Thoroughbred host track which receives interstate simulcasts and conducts interstate wagering thereon during the period of time from the first awarded day of its live meet through the last awarded day of its live meet shall offer the simulcasts to all Thoroughbred receiving tracks, all harness tracks not subject to the provisions of KRS 230.377(2), and all simulcast facilities through the intertrack wagering system.

(c) Except as otherwise prohibited by law, a receiving track shall conduct intertrack wagering on all live races of all Thoroughbred host tracks on any day on which it receives an interstate simulcast for the purpose of conducting interstate wagering.

(d) No host track shall require that any receiving track or simulcast facility receive the interstate simulcast.

(e) If more than one (1) Thoroughbred track conducts live racing at the same time on the same day, no track or simulcast facility may receive an interstate simulcast of Thoroughbred races unless all Thoroughbred tracks conducting live racing at the same time of day agree upon all interstate simulcasts to be received and the division of the Thoroughbred host track's commission. If more than one (1) Thoroughbred track conducts live racing at different times on the same day, the Thoroughbred host track with the highest average daily handle, based on the preceding year, shall be the host track for purposes of splitting the commissions earned on interstate wagering at receiving tracks within the Commonwealth. For purposes of this subsection, average daily handle includes live handle, intertrack wagering handle, and simulcast facility handle. Also for purposes of this subsection, the time of day during which a host track conducts live racing commences with its first published post time and concludes ten (10) minutes after the published post time of its last race of the day, regardless of actual post times.

(f) Each Thoroughbred track which desires to conduct interstate wagering pursuant to the provisions of this subsection shall during each year make application to the corporation for no less than one hundred percent (100%) of the number of racing days awarded to the track in 1994 and one hundred percent (100%) of the number of races scheduled to be run by the track in 1993.

(g) Notwithstanding paragraph (f) of this subsection, any Thoroughbred track may apply for less than one hundred percent (100%) of the number of racing days awarded to the track in 1994 or one hundred percent (100%) of the number of races scheduled to be run by the track in 1993, if written approval is obtained from the Kentucky Horsemen's Benevolent and Protective Association and the Kentucky Thoroughbred Owners and Breeders Association, Inc.

(h) A separate accounting on all interstate simulcasting shall be submitted to the corporation. The accounting shall be submitted in the same format and at the same time that the report for intertrack wagering is submitted.

(i) If the only simulcast or simulcasts a track participating as a host track makes available for interstate wagering through this state's intertrack wagering system on any race day are Thoroughbred horse races designated as graded stakes races by the Graded Stakes Committee of the Thoroughbred Owners and Breeders Association, Inc., then the commission of the receiving track on these interstate wagers shall be split as prescribed by KRS 230.378(3); otherwise, the commission of the receiving track shall be split as prescribed by paragraph (j) of this subsection. Interstate simulcasts received by a Thoroughbred host track under the conditions set forth in this paragraph shall not be subject to the conditions set forth in paragraphs (b), (c), (e), and (f) of this subsection.

(j) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:

1. Twenty-five percent (25%) to the receiving track where the interstate wagering occurs;

2. Twenty-five percent (25%) to the Thoroughbred host track designated by paragraphs (a) and (e) of this subsection. However, if the race does not occur between the first awarded day of a live meet and the last awarded day of the same live meet, an additional twenty-five percent (25%) shall be retained by the receiving track where the interstate wagering occurs;

3. Twenty-five percent (25%) to the purse program of the receiving track where the interstate wagering occurs; and

4. Twenty-five percent (25%) to the purse program of the Thoroughbred host track designated by paragraphs (a) and (e) of this subsection. However, if the race does not occur between the first awarded day of a live meet and the last awarded day of the same live meet, then an additional twenty-five percent (25%) shall be paid to the purse program of the receiving track where the interstate wagering occurs.

(k) A simulcast facility's commission on interstate wagering on Thoroughbred racing, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as provided in KRS 230.380(9).

(2) A harness track licensed to conduct harness racing may receive interstate simulcasts of harness horse, quarter horse, paint horse, Appaloosa, and Arabian horse races and conduct interstate wagering thereon subject to the following limitations:

(a) A harness receiving track may receive interstate simulcasts of harness races, quarter horse races, paint horse races, Appaloosa races, and Arabian horse races, and conduct interstate wagering thereon at any time of day and during the course of any live harness horse race meet conducted in the Commonwealth of Kentucky so long as the harness receiving track conducting interstate wagering remits to the harness host track conducting a live meet, from the first awarded day of its live meet through the last awarded day of the same live meet, the amounts provided in paragraph (j) of this subsection.

(b) A harness host track which receives an interstate simulcast and conducts interstate wagering thereon during its live race meet shall offer the simulcasts to all Thoroughbred receiving tracks not subject to the provisions of KRS 230.377(2), all harness tracks, and all simulcast facilities through the intertrack wagering system.

(c) Except as otherwise prohibited by law, a harness receiving track or a simulcast facility shall conduct intertrack wagering on all live races of a harness host track on any day it receives an interstate simulcast from a harness host track.

(d) No host track shall require that any receiving track or simulcast facility receive the interstate simulcast.

(e) If more than one (1) harness track conducts live racing at the same time on the same day, no track or simulcast facility may receive an interstate simulcast on harness races unless all harness tracks conducting live racing at that time of day agree upon the interstate simulcast to be received and the division of the harness host track's commission. If more than one (1) harness track conducts live racing at different times on the same day, the harness host track with the highest average daily handle, based on the preceding year, shall be the host track for purposes of splitting the commissions earned on interstate wagering at receiving tracks within the Commonwealth. For purposes of this subsection, average daily handle includes live handle, intertrack wagering handle, and simulcast facility handle. Also for purposes of this subsection, the time of day during which a host track conducts live racing commences with its first published post time and conclude ten (10) minutes after the published post time of its last race of the day, regardless of actual post times.

(f) Each harness track which desires to conduct interstate wagering pursuant to the provisions of this subsection shall during each year make application to the corporation for no less than one hundred percent (100%) of the number of racing days awarded to the track in 1994 and one hundred percent (100%) of the number of races scheduled to be run by the track in 1993.

(g) Notwithstanding paragraph (f) of this subsection, any harness track may apply for less than one hundred percent (100%) of the number of racing days awarded to the track in 1994 or one hundred percent (100%) of the number of races scheduled to be run by the track in 1993, if written approval is obtained from the Kentucky Harness Horsemen's Association, or its successor.

(h) A separate accounting on all interstate simulcasting shall be submitted to the corporation. This accounting shall be submitted in the same format and at the same time that the report for intertrack wagering is submitted.

(i) If the only simulcast or simulcasts a track participating as a harness host track makes available for interstate wagering through this state's intertrack wagering system on any race day are harness horse races (both final and elimination) having a final purse in excess of seventy-five thousand dollars ($75,000), then the commission of the receiving track on these interstate wagers shall be split as prescribed by KRS 230.378(3); otherwise, the commission of the receiving track shall be split as prescribed by paragraph (j) of this subsection. Interstate simulcasts received by a harness host track

under the conditions set forth in this paragraph shall not be subject to the conditions set forth in paragraphs (b), (c), (e), and (f) of this subsection.

(j) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:

1. Twenty-five percent (25%) to the receiving track where the interstate wagering occurs;
2. Twenty-five percent (25%) to the harness host track designated by paragraphs (a) and (e) of this subsection. However, if no live meet is occurring, an additional twenty-five percent (25%) shall be retained by the receiving track where the interstate wagering occurs;
3. Twenty-five percent (25%) to the purse program of the receiving track where the interstate wagering occurs; and
4. Twenty-five percent (25%) to the purse program of the harness host track designated by paragraphs (a) and (e) of this subsection. However, if no live meet is occurring, an additional twenty-five percent (25%) shall be paid to the purse program of the receiving track where the interstate wagering occurs.

(k) A simulcast facility's commission on interstate wagering on harness races, after deduction of applicable taxes and any amount required to be paid by contract to the track from which the interstate simulcast originated, shall be split as provided in KRS 230.380(9).

(3) A harness track may only receive interstate simulcasts of Thoroughbred horse races and conduct interstate wagering thereon as provided in subsection (1)(b) of this section. A Thoroughbred track may only receive interstate simulcasts of harness horse races and conduct interstate wagering thereon as provided in subsection (2)(b) of this section. A simulcast facility may only receive interstate simulcasts of Thoroughbred and harness horse races and conduct interstate wagering thereon as provided in subsections (1)(b) and (2)(b) of this section.

(4) (a) A Thoroughbred track licensed to conduct horse racing may receive interstate simulcasts of quarter horse, paint horse, Appaloosa, and Arabian horse races and conduct interstate wagering thereon, subject to the limitations stated in paragraph (b) of this subsection.

(b) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:

1. Twenty-five percent (25%) to the receiving track where the interstate wagering occurs;
2. Twenty-five percent (25%) to the host track; and
3. ***Consistent with the horse breed participating in the race:***

a. Fifty percent (50%) to the Kentucky~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian purse fund established by KRS 230.446 to supplement purses for~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian horse races in this state***; or***

b. Fifty percent (50%) to the Kentucky quarter horse purse fund established by Section 14 of this Act to supplement purses for quarter horse races in this state.

(5) (a) A harness track licensed to conduct horse racing may receive interstate simulcasts of quarter horse, paint horse, Appaloosa, and Arabian horse races and conduct interstate wagering thereon, subject to the limitations stated in paragraphs (b)***,***~~[and]~~ (c)***, and (d)*** of this subsection.

(b) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:

1. Twenty-five percent (25%) to the purse program of the receiving track;
2. Twenty-five percent (25%) to the purse program of the host track;
3. Twenty-five percent (25%) to the receiving track; and
4. Twenty-five percent (25%) to the host track.

(c) When a~~[quarter horse,]~~ paint horse, Appaloosa, or Arabian horse race is run at a Kentucky race track, the commission to the Kentucky~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian purse fund established by KRS 230.446 shall be twenty-two percent (22%) from the host track's purse share.

(d) When a quarter horse race is run at a Kentucky race track, the commission to the Kentucky quarter horse purse fund established by Section 14 of this Act shall be twenty-two percent (22%) from the host track's purse share.

(6) Other provisions of the Kentucky Revised Statutes notwithstanding, any track in a geographic area that contains more than one (1) track within a fifty (50) mile radius of any other track may only receive interstate simulcasts on racing of the same breed of horse as the track was licensed to race on or before July 15, 1998, except any track may receive interstate simulcasts on quarter horse, paint horse, Appaloosa, or Arabian horse races.

➔Section 12. KRS 230.400 is amended to read as follows:

(1) (a) There is hereby created a ***corporate***~~[trust and agency]~~ account for the Kentucky Horse Racing and Gaming Corporation, designated as the Kentucky Thoroughbred development fund, consisting of moneys allocated to the fund under the provisions of KRS 138.510, together with other moneys contributed to or allocated to the fund from all other sources.

(b) Moneys to the credit of the Kentucky Thoroughbred development fund shall be transferred in the following order:

1. One hundred thousand dollars ($100,000) each fiscal year to the Kentucky problem gambling assistance account established in KRS 230.826; and

2. Remaining moneys to the Kentucky Horse Racing and Gaming Corporation ***to be divided as follows:***

a. At least ninety percent (90%) shall be allocated within Kentucky as set forth in this section; and

b. Up to ten percent (10%) for administration and operation of the corporation~~[for the purposes specified in this section]~~.

(c) Moneys from the Kentucky Thoroughbred development fund shall be allocated to each licensed association in an amount equal to ***at least ninety percent (90%) of*** the amount the association contributed to the fund.

(d) Moneys to the credit of the Kentucky Thoroughbred development fund at the end of each fiscal year shall not lapse, but shall be carried forward in such fund to the succeeding fiscal year.

(2) There is hereby established, under the general jurisdiction of the Kentucky Horse Racing and Gaming Corporation, a Kentucky Thoroughbred Development Fund Advisory Committee. The advisory committee shall consist of five (5) members, all of whom shall be residents of Kentucky, to be appointed by the chairman of the Kentucky Horse Racing and Gaming Corporation by July 1 of each year. The committee shall consist of two (2) Thoroughbred breeders recommended by the Kentucky Thoroughbred Owners and Breeders, Inc.; one (1) Thoroughbred owner recommended by the Kentucky division of the Horsemen's Benevolent and Protective Association; one (1) officer or director of a licensed association conducting Thoroughbred racing in Kentucky, recommended by action of all of the licensed associations conducting Thoroughbred racing in Kentucky; and one (1) member of the Kentucky Horse Racing and Gaming Corporation. If any member other than the corporation member has not been recommended for appointment by July 1 of each year, the chairman of the Kentucky Horse Racing and Gaming Corporation shall make an appointment for the organization or organizations failing to recommend a member of the committee. The members of the advisory committee shall serve without compensation, but shall be entitled to reimbursement for all expenses incurred in the discharge of official business. The advisory committee shall select from its membership annually a chairman and a vice chairman.

(3) (a) The Kentucky Thoroughbred Development Fund Advisory Committee shall advise and assist the Kentucky Horse Racing and Gaming Corporation in the development of the supplemental purse program provided herein for Kentucky-bred Thoroughbreds, shall make recommendations to the corporation with respect to the establishment of guidelines, administrative regulations for the provision of supplemental purses, the amount thereof, the races for which the purses are to be provided and the conditions thereof, manner and method of payment of supplemental purses, registry of Thoroughbred

stallions standing within the Commonwealth of Kentucky, registry of Kentucky-bred Thoroughbreds for purposes of this section, nature and type of forms and reports to be employed and required in connection with the establishment, provision for, award and payment of supplemental purses, and with respect to all other matters necessary in connection with the carrying out of the intent and purposes of this section.

(b) The Kentucky Horse Racing and Gaming Corporation shall employ qualified personnel as may be required to assist the corporation and the advisory committee in carrying out the provisions of this section. These persons shall serve at the pleasure of the corporation and compensation for these personnel shall be fixed by the corporation~~[. The compensation of these personnel and the necessary expenses incurred by the corporation or by the committee in carrying out the provisions of this section shall be paid out of the Kentucky Thoroughbred development fund]~~.

(4) The Kentucky Horse Racing and Gaming Corporation, with the advice and assistance of the Kentucky Thoroughbred Development Fund Advisory Committee, shall use the Kentucky Thoroughbred development fund to promote, enhance, improve, and encourage the further and continued development of the Thoroughbred breeding industry in Kentucky by providing, out of the Kentucky Thoroughbred development fund, supplemental purses for designated stakes, handicap, allowance, nonclaiming maiden races, and claiming races contested at licensed Thoroughbred race meetings in Kentucky. The Kentucky Horse Racing and Gaming Corporation ***may***~~[shall]~~, by administrative regulation promulgated in accordance with KRS Chapter 13A, establish the requirements, conditions, and procedures for awarding and payment of supplemental purses in designated races by Kentucky-bred Thoroughbred horses. That portion of the supplemental purse provided for any designated race shall be awarded and paid to the owner of the horse only if the horse is a Kentucky-bred Thoroughbred duly registered with the official registrar. Any portion of the supplemental purse which is not awarded and paid over shall be returned to the Kentucky Thoroughbred development fund.

(5) (a) For purposes of this section, the term "Kentucky Thoroughbred stallion" shall mean and include only a Thoroughbred stallion standing the entire breeding season in Kentucky and registered as a Kentucky Thoroughbred stallion with the official registrar of the Kentucky Thoroughbred development fund.

(b) Except for Thoroughbred horses foaled prior to January 1, 1980, the term "Kentucky-bred Thoroughbreds," for purposes of this section, shall mean and include only Thoroughbred horses sired by Kentucky Thoroughbred stallions foaled in Kentucky and registered as a Kentucky-bred Thoroughbred with the official registrar of the Kentucky Thoroughbred development fund.

(c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a Kentucky-bred Thoroughbred for purposes of this section if the horse was foaled in Kentucky and if the sire of the Thoroughbred was standing at stud within Kentucky at the time of conception of such Thoroughbred, provided the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with the official registrar of the Kentucky Thoroughbred development fund.

(d) In order for an owner of a Kentucky-sired Thoroughbred to be eligible to demand, claim, and receive a portion of a supplemental purse provided by the Kentucky Thoroughbred development fund, the Thoroughbred horse in a designated race for which a supplemental purse has been provided by the Kentucky Thoroughbred development fund ***shall***~~[must]~~ have been duly registered as a Kentucky-bred Thoroughbred with the official registrar of the Kentucky Thoroughbred development fund prior to entry in the race.

(6) (a) Kentucky Thoroughbred Owners and Breeders, Inc., is hereby recognized and designated as the sole official registrar of the Kentucky Thoroughbred development fund for the purposes of registering Kentucky Thoroughbred stallions and Kentucky-bred Thoroughbreds in accordance with the terms of this section and any administrative regulations promulgated by the Kentucky Horse Racing and Gaming Corporation. When a Kentucky-bred Thoroughbred is registered with the official registrar, the registrar shall be authorized to stamp the Jockey Club certificate issued for the Thoroughbred with the seal of the registrar, certifying that the Thoroughbred is a duly qualified and registered Kentucky-bred Thoroughbred for purposes of this section. The registrar may establish and charge, with the approval of the corporation, reasonable registration fees for its services in the registration of Kentucky Thoroughbred stallions and in the registration of Kentucky-bred Thoroughbreds. Registration records of the registrar shall be public records and open to public inspection at all normal business hours and times.

(b) Any interested party aggrieved by the failure or refusal of the official registrar to register a stallion or Thoroughbred as a Kentucky stallion or as a Kentucky-bred Thoroughbred shall have the right to file

with the ***registrar***~~[corporation]~~, within thirty (30) days of such failure or refusal of the registrar, a petition seeking registration of the Thoroughbred. The corporation shall promptly hear the matter de novo and issue its order directing the official registrar to register or not to register as it may be determined by the ***registrar***~~[corporation]~~.

(7) The Kentucky Horse Racing and Gaming Corporation ***may***~~[shall]~~ promulgate administrative regulations~~[as may be necessary]~~ to carry out the provisions and purposes of this section, including the promulgation of administrative regulations and forms~~[as may be appropriate]~~ for the proper registration of Kentucky stallions and Kentucky-bred Thoroughbreds with the official registrar, and shall administer the Kentucky-bred Thoroughbred program created hereby in a manner best designed to promote and aid in the further development of the Thoroughbred breeding industry in Kentucky, to upgrade the quality of Thoroughbred racing in Kentucky, and to improve the quality of Thoroughbred horses bred in Kentucky.

➔SECTION 13. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO READ AS FOLLOWS:

(1) (a) There is hereby created a corporate account for the Kentucky Horse Racing and Gaming Corporation, designated as the Kentucky quarter horse development fund, consisting of moneys allocated to the fund under Section 11 of this Act together with any other moneys contributed to or allocated to the fund from all other sources.

(b) For the purposes of this section, "development fund" or "fund" means the Kentucky quarter horse development fund.

(c) Moneys to the credit of the development fund shall be transferred in the following order:

1. Twenty-five thousand dollars ($25,000) each fiscal year to the Kentucky problem gambling assistance account established in KRS 230.826; and

2. Remaining moneys to be divided as follows:

a. At least ninety percent (90%) shall be allocated within Kentucky as set forth in this section; and

b. Up to ten percent (10%) for administration and operation of the corporation.

(d) Notwithstanding KRS 45.229, moneys to the credit of the fund at the end of the fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year.

(e) Interest earnings of the fund shall become a part of the fund and shall not lapse.

(2) (a) The Kentucky Horse Racing and Gaming Corporation shall use the development fund to promote races, provide purses for races, and award breeders for horses bred and foaled in the Commonwealth.

(b) A foal of a pregnant mare bred in another state and brought back to Kentucky to foal beginning with the breeding year 2025 and ending with foals of the foaling year 2028 may be eligible for moneys from the fund. The pregnant mare shall foal in Kentucky and have the resulting foal registered as a Kentucky-bred quarter horse. Then the same mare, within the same calendar year of the first foal being born, may be bred in Kentucky and registered to the fund. If the mare foals a second time in Kentucky based on this breeding, the resulting foal shall be registered as a Kentucky-bred quarter horse.

(c) The corporation shall provide for distribution of moneys to the credit of the development fund to persons, corporations, or associations operating licensed tracks within Kentucky conducting quarter horse racing, on an equitable basis as determined by the corporation and in conformance with subsections (3) and (4) of this section.

(3) The Kentucky Horse Racing and Gaming Corporation:

(a) Shall approve the amount of moneys to be paid from the development fund to be:

1. Added to the purse provided for each race by the licensed operator of the track; and

2. Awarded to breeders of Kentucky-bred quarter horses that win races at licensed tracks in Kentucky;

(b) Shall approve the dates and conditions of races to be held by licensed tracks; and

(c) May promulgate administrative regulations in accordance with KRS Chapter 13A to carry out the provisions of this section.

(4) (a) Moneys from the fund shall be allocated to each licensed association in an amount equal to at least ninety percent (90%) of the amount the association contributed to the fund.

(b) Any portion of a supplemental purse that is not awarded and paid over shall be returned to the fund.

(c) The portion of the supplemental purse provided for any designated race shall be awarded and paid to the owner of the horse only if the horse is duly registered with the official registrar under this section.

(5) (a) In order for an owner of a Kentucky-bred quarter horse to be eligible to demand, claim, and receive a portion of a supplemental purse provided by the Kentucky quarter horse development fund, the quarter horse in a designated race for which a supplemental purse has been provided by the Kentucky quarter horse development fund shall have been duly registered as a Kentucky-bred quarter horse with the official registrar of the Kentucky quarter horse development fund prior to entry in the race.

(b) The Kentucky Quarter Horse Racing Association is hereby recognized and designated as the sole official registrar of the Kentucky quarter horse development fund for the purposes of registering Kentucky quarter horse stallions, quarter horse mares, and Kentucky-bred quarter horses in accordance with the terms of this section and any administrative regulations promulgated by the Kentucky Horse Racing and Gaming Corporation. When a Kentucky-bred quarter horse is registered with the official registrar, the registrar shall be authorized to stamp the American Quarter Horse Association certificate issued for the quarter horse with the seal of the registrar, certifying that the quarter horse is a duly qualified and registered Kentucky-bred quarter horse for purposes of this section. The registrar may establish and charge, with the approval of the corporation, reasonable registration fees for its services in the registration of Kentucky quarter horse stallions, quarter horse mares, and Kentucky-bred quarter horses. Registration records of the registrar shall be public records and open to public inspection at all normal business hours and times.

(c) Any interested party aggrieved by the failure or refusal of the official registrar to register a stallion, mare, or quarter horse as a Kentucky stallion, mare, or Kentucky-bred quarter horse shall have the right to file with the registrar, within thirty (30) days of the failure or refusal of the registrar, a petition seeking registration of the quarter horse. The registrar shall promptly hear the matter de novo and issue its order.

(6) The Kentucky Horse Racing and Gaming Corporation shall:

(a) Supervise registration of, or determine the eligibility of, horses entitled to entry in races which receive a portion of purse money from the development fund; and

(b) Determine the conditions, class, and quality of the fund-supported race program established to carry out the purposes of this section.

(7) The corporation may promulgate administrative regulations in accordance with KRS Chapter 13A to carry out the provisions and purposes of this section and shall administer the Kentucky quarter horse development fund in a manner designed to:

(a) Promote and aid in the development of the quarter horse industry in Kentucky;

(b) Upgrade the quality of quarter horse racing in Kentucky; and

(c) Improve the quality of quarter horses bred in Kentucky.

➔SECTION 14. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO READ AS FOLLOWS:

(1) The Kentucky quarter horse purse fund is created as a corporate fund to be administered by the Kentucky Horse Racing and Gaming Corporation and shall consist of moneys allocated to the fund under Section 11 of this Act together with any other moneys contributed to or allocated to the fund from all other sources. For the purposes of this section, "purse fund" or "fund" means the Kentucky quarter horse purse fund.

(2) Notwithstanding KRS 45.229, money to the credit of the fund at the end of the fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year. Interest earnings of the fund shall become a part of the fund and shall not lapse.

(3) The Kentucky Horse Racing and Gaming Corporation shall use at least ninety percent (90%) of the purse fund to promote quarter horse racing and to provide purses for quarter horse races conducted in the Commonwealth as follows:

(a) The Kentucky Horse Racing and Gaming Corporation shall provide for distribution of money from the fund to persons, corporations, or associations operating licensed tracks within the Commonwealth conducting quarter horse racing;

(b) At least ninety percent (90%) of the moneys from the fund shall be allocated to each licensed association located in the Commonwealth in proportion to the amount each association contributed to the fund; and

(c) The Kentucky Horse Racing and Gaming Corporation shall consult with the Kentucky Quarter Horse Racing Association or its successor to designate the races and the amount of purse money to be provided for designated quarter horse races.

(4) The Kentucky Horse Racing and Gaming Corporation may use up to ten percent (10%) of the purse fund for administration and operation of the corporation.

(5) The Kentucky Horse Racing and Gaming Corporation:

(a) Shall fix the dates and conditions of quarter horse races to be held by licensed tracks;

(b) Shall fix the amount of money to be paid from the fund to be added to the purse provided for each quarter horse race by the licensed operator of the track; and

(c) May promulgate administrative regulations in accordance with KRS Chapter 13A to carry out the provisions of this section.

(6) The Kentucky Horse Racing and Gaming Corporation shall carry out the provisions of this section and administer the purse fund in a manner designed to promote and aid in the development of the quarter horse industry in Kentucky and upgrade the quality of quarter horse racing in Kentucky.

➔Section 15. KRS 230.445 is amended to read as follows:

(1) (a) There is hereby created a ***corporate***~~[trust and agency]~~ account for the Kentucky Horse Racing and Gaming Corporation designated the Kentucky~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian development fund, consisting of moneys allocated to the fund under KRS 230.3771 together with any other moneys contributed to or allocated to the fund from all other sources.

(b) For the purposes of this section, "development fund" or "fund" means the Kentucky~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian development fund.

(c) Moneys to the credit of the development fund shall be transferred in the following order:

1. Twenty-five thousand dollars ($25,000) each fiscal year to the Kentucky problem gambling assistance account established in KRS 230.826; and

2. Remaining moneys to ***be divided as follows:***

a. At least ninety percent (90%) shall be allocated within Kentucky as set forth in this section; and

b. Up to ten percent (10%) for administration and operation of the corporation~~[the Kentucky Horse Racing and Gaming Corporation for the purposes specified in this section]~~.

(d) Notwithstanding KRS 45.229, moneys to the credit of the fund at the end of the fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year.

(e) Interest earnings of the fund shall become a part of the fund and shall not lapse.

(f) Moneys in the fund shall be used ~~[and are hereby appropriated]~~for purposes specified in this section.

(2) The Kentucky Horse Racing and Gaming Corporation shall use the development fund to promote races and to provide purses for races for horses bred and foaled in the Commonwealth. The corporation shall provide for distribution of moneys to the credit of the development fund to persons, corporations, or associations operating licensed tracks within Kentucky conducting~~[quarter horse,]~~ paint horse, Appaloosa, or Arabian horse racing, on an equitable basis as determined by the corporation and in conformance with subsection (3) of this section.

(3) ***(a)*** The Kentucky Horse Racing and Gaming Corporation shall:

1.~~[(a)]~~ Fix the amount of moneys to be paid from the development fund to be added to the purse provided for each race by the licensed operator of the track; ***and***

2.~~[(b)]~~ Fix the dates and conditions of races to be held by licensed tracks~~[; and~~

~~(c) Promulgate administrative regulations necessary to carry out the provisions of this section]~~.

~~[~~ ~~]~~***(b) At least ninety percent (90%) of the*** moneys from the fund shall be allocated to each breed of horse represented in the fund in an amount equal to the amount the breed has contributed to the fund.

(4) The Kentucky Horse Racing and Gaming Corporation shall~~[appoint qualified personnel as necessary to]~~:

(a) Supervise registration of, or determine the eligibility of, horses entitled to entry in races which receive a portion of purse money from the development fund; and

(b) ***Determine***~~[Assist the corporation in determining]~~ the conditions, class, and quality of the fund-supported race program established to carry out the purposes of this section.

The personnel shall serve at the pleasure of the corporation and compensation shall be fixed by the corporation~~[with the compensation and necessary expenses of the personnel paid from the development fund]~~.

(5) The corporation ***may***~~[shall]~~ promulgate administrative regulations to carry out the provisions of this section and shall administer the Kentucky~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian development fund in a manner designed to:

(a) Promote and aid in the development of the horse industry in Kentucky;

(b) Upgrade the quality of racing in Kentucky; and

(c) Improve the quality of horses bred in Kentucky.

➔Section 16. KRS 230.446 is amended to read as follows:

(1) The Kentucky~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian purse fund is created as a ***corporate***~~[trust and agency]~~ fund to be administered by the Kentucky Horse Racing and Gaming Corporation and shall consist of moneys allocated to the fund under KRS 230.3771 together with any other moneys contributed to or allocated to the fund from all other sources. For the purposes of this section, "purse fund" or" fund" means the Kentucky~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian purse fund.

(2) Notwithstanding KRS 45.229, money to the credit of the fund at the end of the fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year. Interest earnings of the fund shall become a part of the fund and shall not lapse.

(3) Moneys in the fund shall be used~~[and are hereby appropriated]~~ for purposes specified in this section.

(4) The Kentucky Horse Racing and Gaming Corporation shall use ***at least ninety percent (90%) of*** the purse fund to promote racing and to provide purses for races conducted in the Commonwealth as follows:

(a) The Kentucky Horse Racing and Gaming Corporation shall provide for distribution of money from the fund to persons, corporations, or associations operating licensed tracks within the Commonwealth conducting~~[quarter horse,]~~ paint horse, Appaloosa, or Arabian horse racing;

(b) ***At least ninety percent (90%) of the*** moneys from the purse fund shall be allocated to each breed of horse represented in the fund in proportion to the amount each breed has contributed to the fund; and

(c) The Kentucky Horse Racing and Gaming Corporation shall consult with~~[the Kentucky Quarter Horse Racing Association or its successor,]~~ the Kentucky Appaloosa Owners Association or its successor, the Kentucky Paint Horse Club or its successor, and the Kentucky Arabian Horse Association or its successor, to designate the races and the amount of purse money to be provided for designated races for each breed respectively.

(5) Up to ten percent (10%) of the purse fund may be allocated for the administration and operation of the corporation.

(6)~~[(5)]~~ The Kentucky Horse Racing and Gaming Corporation~~[shall]~~:

(a) ***Shall*** fix the dates and conditions of races to be held by licensed tracks;

(b) ***Shall*** fix the amount of money to be paid from the fund to be added to the purse provided for each race by the licensed operator of the track; and

(c) ***May*** promulgate administrative regulations ***in accordance with KRS Chapter 13A*** necessary to carry out the provisions of this section.

(7)~~[(6)]~~ The Kentucky Horse Racing and Gaming Corporation shall carry out the provisions of this section and administer the purse fund in a manner designed to promote and aid in the development of the horse industry in Kentucky and upgrade the quality of horse racing in Kentucky.

➔Section 17. KRS 230.770 is amended to read as follows:

(1) (a) There is hereby created a ***corporate***~~[trust and agency]~~ account for the Kentucky Horse Racing and Gaming Corporation, designated as the Kentucky standardbred development fund, consisting of moneys allocated to the fund under the provisions of KRS 138.510, together with any other moneys contributed to or allocated to the fund from all other sources.

(b) For the purposes of this section, "development fund" or "fund" means the Kentucky standardbred development fund.

(c) Moneys to the credit of the development fund shall be transferred in the following order:

1. Seventy-five thousand dollars ($75,000) each fiscal year to the Kentucky problem gambling assistance account established in KRS 230.826; and

2. Remaining moneys to ***be divided as follows:***

a. At least ninety percent (90%) shall be allocated within Kentucky as set forth in this section; and

b. Up to ten percent (10%) may be allocated for administration and operation of the corporation~~[the Kentucky Horse Racing and Gaming Corporation for the purposes specified in this section]~~.

(d) Moneys to the credit of the fund at the end of each fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year.

(2) The Kentucky Horse Racing and Gaming Corporation shall use the development fund to promote races, and to provide purses for races, for Kentucky-bred standardbred horses.

(3) The corporation shall:

(a) Account for the moneys in the fund by separating the moneys as required for distribution under subsections (1) and (4) of this section; and

(b) Provide for distribution of moneys to the credit of the development fund to persons, corporations, or associations operating licensed standardbred race tracks within Kentucky on an equitable basis, for the purpose of conducting separate races for Kentucky-bred standardbred horses, both trotting and pacing.

(4) The corporation shall establish an international harness racing event reserve account of up to nine hundred thousand dollars ($900,000) for a Kentucky track that hosts an international harness racing event spanning multiple days that distributes at least five million dollars ($5,000,000) in purses and awards. Moneys shall be transferred from the development fund as follows:

(a) Beginning July 31, 2024, three hundred thousand dollars ($300,000) shall be transferred annually into the event reserve account until the total amount transferred into the event reserve account reaches nine hundred thousand dollars ($900,000);

(b) If the event reserve account reaches nine hundred thousand dollars ($900,000), the annual transfer of moneys into the account shall be suspended and shall not resume until a Kentucky track has hosted the event and has received its distribution of moneys under this subsection; and

(c) If an event is held and the nine hundred thousand dollars ($900,000) has been distributed to the host track, the annual transfers into the event reserve account under paragraph (a) of this subsection shall resume at that time.

(5) Moneys distributed from the development fund to licensed standardbred race tracks within the Commonwealth shall be used exclusively to promote races and provide purses for races conditioned to admit only Kentucky-bred standardbred horses.

(6) The Kentucky Horse Racing and Gaming Corporation shall:

(a) Fix the amount of moneys to be paid from the development fund to be added to the purse provided for each race by the licensed operator of the track; ***and***

(b) Fix the dates and conditions of races to be held by licensed race tracks~~[; and~~

~~(c) Promulgate administrative regulations in accordance with KRS Chapter 13A necessary to carry out the provisions of this section]~~.

(7) (a) The Kentucky Horse Racing and Gaming Corporation may promulgate administrative regulations ***in accordance with KRS Chapter 13A to carry out the provisions of this section, including those administrative regulations*** necessary to determine the eligibility of horses for entry in races for which a portion of the purse is provided by moneys of the development fund, including administrative regulations for the eligibility, residency, and registration of mares, stallions, and progeny thereof.

(b) Registration of stallions may occur any time during the breeding season, but shall occur no later than December 31 of the year of conception of the eligible horse.

(8) (a) The Kentucky Horse Racing and Gaming Corporation shall appoint qualified personnel necessary to supervise registration of, or determination of eligibility of, horses entitled to entry in races, a portion of the purse of which is provided by the development fund, to assist the corporation in determining the conditions, class, and quality of the fund supported race program to be established in this section to carry out the purposes of this section.

(b) These persons shall serve at the pleasure of the corporation and compensation shall be fixed by the corporation.

(c)~~[The compensation of personnel and necessary expenses shall be paid out of the development fund.~~

~~(d)]~~ The corporation shall administer the Kentucky sire stakes program in a manner best designed to:

1. Promote and aid in the development of the horse industry in Kentucky;

2. Upgrade the quality of racing in Kentucky; and

3. Improve the quality of horses bred in Kentucky.

➔Section 18. KRS 230.800 is amended to read as follows:

(1) There is hereby created~~[in the State Treasury]~~ a ***corporate account for the Kentucky Horse Racing and Gaming Corporation***~~[trust and revolving fund]~~ designated as the "Kentucky Thoroughbred breeders incentive fund." The fund shall be administered by the ~~[Kentucky Horse Racing and Gaming]~~corporation. For all tax periods beginning on or after June 1, 2005, eighty percent (80%) of all receipts collected under KRS 139.531(1)(a) from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky shall be ***transferred to the corporation for deposit***~~[deposited]~~ in the fund together with any other money contributed, appropriated, or allocated to the fund from all other sources.~~[The money deposited in the fund is hereby appropriated for the uses set forth in this section.]~~ Any money remaining in the fund at the close of any calendar year shall not lapse but shall be carried forward to the next calendar year. The fund may also receive additional state appropriations, gifts, grants, and federal funds. All interest earned on money in the fund shall be credited to the fund.

(2) (a) The Kentucky Horse Racing and Gaming Corporation shall use moneys deposited in the Kentucky Thoroughbred breeders incentive fund to administer the fund and provide rewards for breeders of horses bred and foaled in Kentucky ***to be divided as follows:***

1. At least ninety percent (90%) shall be allocated to provide the breeder rewards as set forth in this section; and

2. Up to ten percent (10%) may be allocated for administration and operation of the corporation.

(b) The Kentucky Horse Racing and Gaming Corporation ***may***~~[shall]~~ promulgate administrative regulations establishing the conditions and criteria for the distribution of moneys from the fund.

(c) The Department of Revenue may promulgate administrative regulations establishing the procedures necessary to determine the correct allocation of sales tax receipts described in subsection (1) of this section.

(d) As soon as practicable after the close of each calendar year, the corporation shall disburse to breeders of horses moneys in the Kentucky Thoroughbred breeders incentive fund pursuant to the administrative regulations promulgated pursuant to paragraph (b) of this subsection.

➔Section 19. KRS 230.802 is amended to read as follows:

(1) There is hereby created~~[in the State Treasury]~~ a ***corporate***~~[trust and revolving]~~ fund designated as the "Kentucky standardbred breeders incentive fund." The fund shall be ***in***~~[administered by]~~ the Kentucky Horse Racing and Gaming Corporation. For tax periods beginning on or after June 1, 2005, thirteen percent (13%) of all receipts collected under KRS 139.531(1)(a) from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky shall be deposited in the fund together with any other money contributed, appropriated, or allocated to the fund from all other sources. The money deposited in the fund is hereby appropriated for the uses set forth in this section. Any money remaining in the fund at the close of any calendar year shall not lapse but shall be carried forward to the next calendar year. The fund may also receive additional state appropriations, gifts, grants, and federal funds. All interest earned on money in the fund shall be credited to the fund.

(2) (a) The Kentucky Horse Racing and Gaming Corporation shall use moneys deposited in the Kentucky standardbred breeders incentive fund to administer the fund and provide rewards for breeders or owners of Kentucky-bred standardbred horses ***to be divided as follows:***

1. At least ninety percent (90%) shall be allocated to provide the breeder rewards as set forth in this section; and

2. Up to ten percent (10%) may be allocated for administration and operation of the corporation.

(b) The Kentucky Horse Racing and Gaming Corporation ***may***~~[shall]~~ promulgate administrative regulations establishing the conditions and criteria for the distribution of moneys from the fund.

(c) The Department of Revenue may promulgate administrative regulations establishing the procedures necessary to determine the correct allocation of sales tax receipts described in subsection (1) of this section.

(d) As soon as practicable after the close of each calendar year, the corporation shall disburse moneys in the Kentucky standardbred breeders incentive fund to be used to promote, enhance, improve, and encourage the further and continued development of the standardbred breeding industry in Kentucky, under the administrative regulations promulgated pursuant to paragraph (b) of this subsection.

➔Section 20. KRS 230.804 is amended to read as follows:

(1) There is hereby created~~[in the State Treasury]~~ a ***corporate***~~[trust and revolving]~~ fund designated as the "Kentucky horse breeders incentive fund." The fund shall be ***in***~~[administered by]~~ the Kentucky Horse Racing and Gaming Corporation. For tax periods beginning on or after June 1, 2005, seven percent (7%) of all receipts collected under KRS 139.531(1)(a) from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky shall be deposited in the fund together with any other money contributed, appropriated or allocated to the fund from all other sources. The money deposited in the fund is hereby appropriated for the uses set forth in this section. Notwithstanding KRS 45.229, any money remaining in the fund at the close of any calendar year shall not lapse but shall be carried forward to the next calendar year. The fund may also receive additional state appropriations, gifts, grants, and federal funds. All interest earned on money in the fund shall be credited to the fund.

(2) (a) The Kentucky Horse Racing and Gaming Corporation shall use moneys deposited in the Kentucky horse breeders incentive fund to administer the fund and provide rewards for breeders or owners of horses bred and foaled in Kentucky ***to be divided as follows:***

1. At least ninety percent (90%) shall be allocated to provide the breeder rewards as set forth in this section; and

2. Up to ten percent (10%) may be allocated for administration and operation of the corporation.

(b) The Kentucky Horse Racing and Gaming Corporation ***may***~~[shall]~~ promulgate administrative regulations establishing the conditions and criteria for the distribution of moneys from the fund.

(c) The Department of Revenue may promulgate administrative regulations establishing the procedures necessary to determine the correct allocation of sales tax receipts described in subsection (1) of this section.

(d) As soon as practicable after the close of each calendar year, the corporation shall disburse to breeders of horses moneys in the Kentucky horse breeders incentive fund to be used to promote, enhance, improve, and encourage the further and continued development of the horse industry in Kentucky, under the administrative regulations promulgated pursuant to paragraph (b) of this subsection.

➔Section 21. KRS 230.811 is amended to read as follows:

(1) Except as provided in KRS 230.805(6), no person shall conduct, manage, or offer to conduct sports wagering within the Commonwealth of Kentucky without obtaining a license from the corporation.

(2) As a prerequisite to obtaining a sports wagering license, a person shall be licensed as an association under KRS 230.300. If sports wagering is conducted by the track that chooses not to contract with a service provider, it shall comply with the standards established by the corporation for service providers to ensure the integrity of the system of sports wagering before conducting sports wagering in the Commonwealth.

(3) In addition to the requirement in subsection (2) of this section, an initial fee of five hundred thousand dollars ($500,000) shall be paid to the corporation before a sports wagering license may be issued to a track.

(4) An annual renewal fee of fifty thousand dollars ($50,000) shall be required for each sports wagering license.

(5) Licensing fees~~[paid]~~ under this section shall be ***paid to the corporation***~~[deposited into the sports wagering administration fund established by KRS 230.817]~~.

➔Section 22. KRS 230.817 is amended to read as follows:

(1) (a) There is hereby established in the State Treasury a restricted account to be known as the sports wagering administration fund. The fund shall consist of moneys received from the moneys collected under KRS 138.552, 230.811, and 230.814 and state appropriations.

(b) 1. The amounts deposited in the fund shall be used as follows:

a. ***Ten percent (10%) of the receipts shall be distributed to the Kentucky Horse Racing and Gaming Corporation for the administration and operation of the corporation. The corporation shall prepare and submit a quarterly report to the Legislative Research Commission for referral to the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations or to the Senate Standing Committee on Licensing and Occupations and the House Standing Committee on Licensing, Occupations, and Administrative Regulations, as appropriate, which includes the amounts received as well as the expenditures against those funds. This information shall also be included in the corporation's annual report required by Section 3 of this Act***~~[For administrative expenses relating to or associated with the purposes of sports wagering which shall be disbursed by the Finance and Administration Cabinet upon the warrant of the Kentucky Horse Racing and Gaming Corporation]~~; and

b. Two and one-half percent (2.5%) of the funds shall be deposited in the Kentucky problem gambling assistance account established in KRS 230.826.

2. The remaining funds shall be deposited in the Kentucky permanent pension fund established in KRS 42.205.

3. Any interest accruing to the fund shall become a part of the fund and shall not lapse.

(2) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal year shall not lapse but shall be carried forward into the next fiscal year.

(3) Moneys deposited in the fund ***shall be:***

(a) Used~~[Are hereby appropriated]~~ for the purposes set forth in this section~~[and shall not be appropriated or transferred by the General Assembly for any other purposes]~~***; and***

(b) Distributed as they are received on a rolling basis.

➔SECTION 23. A NEW SECTION OF KRS CHAPTER 238 IS CREATED TO READ AS FOLLOWS:

Any licensee operating at more locations than allowed under this chapter on July 1, 2025, may retain those licenses, but any of the following events or occurrences shall result in the loss of the additional licenses:

(1) Sale or transfer of ownership of the business location, property leased for the gaming location, or change of ownership or transfer of the charitable organization;

(2) Suspension or revocation of a license due to a violation;

(3) Failure by the licensee to timely reapply or pay appropriate licensure fees;

(4) Any closure of the location for ninety (90) days or more, which shall include closures due to acts of God;

(5) Failure to maintain a valid lease due to expiration and termination of lease agreements;

(6) Failure by the licensee to comply with all charitable gaming requirements;

(7) Failure or inability of the existing facility or location to restrict access to persons twenty-one (21) years of age or older; or

(8) Failure of the licensee to report timely changes to the licensed location or any licensing requirements to properly update the corporation's licensing files related to the charitable activities at that location.

➔Section 24. KRS 238.505 (Effective July 1, 2025) is amended to read as follows:

As used in this chapter, unless the context requires otherwise:

(1) "Office" means the office regulating charitable gaming within the Kentucky Horse Racing and Gaming Corporation established by the president under KRS Chapter 230;

(2) "Charitable gaming" means bingo, charity game tickets, raffles, and charity fundraising events conducted for fundraising purposes by charitable organizations licensed and regulated under the provisions of this chapter. "Charitable gaming" shall not include slot machines, electronic video gaming devices, wagering on live sporting events, or simulcast broadcasts of horse races;

(3) "Charitable organization" means a nonprofit entity organized for charitable, religious, educational, literary, civic, fraternal, or patriotic purposes;

(4) "Bingo" means a specific game of chance in which participants use cards or paper sheets, or card-minding device representations thereof, divided into horizontal and vertical spaces, each of which is designated by a letter and a number, and prizes are awarded on the basis of the letters and numbers on the card conforming to a predetermined and preannounced configuration of letters and numbers selected at random;

(5) "Charity game ticket" means a game of chance using a folded or banded paper ticket, or a paper card with perforated break-open tabs, or electronic pulltab device representations thereof, the face of which is covered or otherwise hidden from view to conceal a number, letter, symbol, or set of numbers, letters, or symbols, some of which have been designated in advance as prize winners and shall include charity game tickets that utilize a seal card. "Charity game ticket" shall include pulltabs, both paper and electronic representations thereof;

(6) "Seal card" means a board or placard used in conjunction with charity game tickets, that contains a seal or seals which, when removed or opened, reveal predesignated winning numbers, letters, or symbols;

(7) "Raffle" means a game of chance in which a participant is required to purchase a ticket for a chance to win a prize, with the winner to be determined by a random drawing;

(8) "Charity fundraising event" means an activity of limited duration at which games of chance approved by the ***corporation*** ~~[office]~~ are conducted, including bingo, raffles, charity game tickets, special limited charitable games, and wagering on prerecorded horse races, KRS Chapter 230 notwithstanding. Examples of such activities include events that attract patrons for community, social, and entertainment purposes apart from charitable gaming, such as fairs, festivals, carnivals, licensed charitable gaming organization conventions, bazaars, and banquets. For the purposes of this subsection, "banquet" shall mean a formal meal or feast held by a charitable organization for community, social, or entertainment purposes apart from charitable gaming;

(9) "Manufacturer" means a person who assembles from raw materials or subparts any charitable gaming equipment or supplies used in the conduct of charitable gaming, including a person who converts, modifies, and adds to or removes parts from, charitable gaming equipment and supplies. The term shall not include:

(a) Any person who services or repairs charitable gaming supplies and equipment, so long as that person replaces or repairs an incidental, malfunctioning, or nonfunctioning part with a similar or identical part; and

(b) Any distributor who cuts, collates, and packages for distribution any gaming supplies and equipment purchased in bulk;

(10) "Distributor" means a person who sells, markets, leases, or otherwise furnishes to a charitable organization charitable gaming equipment or supplies, or both, used in the conduct of charitable gaming. "Distributor" shall not include:

(a) A resident printer who prints raffle tickets at the request of a licensed charitable organization; and

(b) A licensed charitable organization that affects a one-time donation of charitable gaming supplies or equipment to another licensed charitable organization if the donation is first approved by the ***corporation***~~[office]~~;

(11) "Charitable gaming facility" means the premises on which charitable gaming is conducted;

(12) "Gross receipts" means all moneys collected or received from the conduct of charitable gaming;

(13) "Adjusted gross receipts" means gross receipts less all cash prizes and the amount paid for merchandise prizes purchased;

(14) "Net receipts" means adjusted gross receipts less all expenses, charges, fees, and deductions authorized under this chapter;

(15) "Charitable gaming supplies and equipment" means any material, device, apparatus, or paraphernalia customarily used in the conduct of charitable gaming, including bingo cards and paper, charity game tickets, and other apparatus or paraphernalia used in conducting games of chance at charity fundraising events subject to regulation under this chapter. The term shall not include any material, device, apparatus, or paraphernalia incidental to the game, such as pencils, daubers, playing cards, or other supplies that may be purchased from normal sources of supply;

(16) "Door prize" means a prize awarded to a person based solely upon the person's attendance at an event or the purchase of a ticket to attend an event;

(17) "Special limited charitable game" means roulette; blackjack; poker; keno; money wheel; baccarat; pusher-type games; any dice game where the player competes against the house; and any other game of chance as identified, defined, and approved by administrative regulation of the corporation;

(18) "Special limited charity fundraising event" means any type of charity fundraising event, commonly known as and operated as a "casino night," "Las Vegas night," or "Monte Carlo night," at which the predominant number or types of games offered for play are special limited charitable games;

(19) "Session" or "bingo session" means a single gathering at which a bingo game or series of successive bingo games are played, excluding bingo played at a charity fundraising event;

(20) "Immediate family" means:

(a) Spouse and parents-in-law;

(b) Parents and grandparents;

(c) Children and their spouses; and

(d) Siblings and their spouses;

(21) "Affiliate" means any corporation, partnership, association, or other business or professional entity or any natural person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with a licensed manufacturer, distributor, or charitable gaming facility;

(22) "Board" means the board of directors of the Kentucky Horse Racing and Gaming Corporation;

(23) "Corporation" means the Kentucky Horse Racing and Gaming Corporation;

(24)~~["Manager" means the manager of the office regulating charitable gaming established by the president within the Kentucky Horse Racing and Gaming Corporation;~~

~~(25)]~~ "President" means the president of the Kentucky Horse Racing and Gaming Corporation;

(25)~~[(26)]~~ "Chairperson" means the chief executive officer and any officer, member, or employee of a licensed charitable organization who will be involved in the management and supervision of charitable gaming as designated in the organization's charitable gaming license application under KRS 238.535(13)(g);

(26)~~[(27)]~~ "Year" means calendar year except as used in KRS 238.535(11), 238.545(4), 238.547(1), and 238.555(7), when "year" means the licensee's license year;

(27)~~[(28)]~~ "Card-minding device" means any mechanical, electronic, electromechanical, or computerized device that is interfaced with or connected to equipment used to conduct a game of bingo and that allows a player to store, display, and mark a bingo card face. A card-minding device shall not be designed and manufactured to resemble any electronic gaming device that utilizes a video display monitor, such as a video lottery terminal, video slot machine, video poker machine, or any similar video gaming device;

(28)~~[(29)]~~ "Electronic pulltab device" means an electronic device used only for charitable gaming to facilitate the play of an electronic pulltab. An electronic pulltab device shall be a tablet or other personal computing device, other than a mobile phone or similar handheld device, as approved by the ***corporation***~~[office]~~. An electronic pulltab device may only operate on a closed network or intranet that is confined to the licensee's premises, and shall not be internet accessible by patrons, but shall be connected to a central server system solely for the purposes of monitoring, reporting, accounting, and software maintenance. An electronic pulltab device shall not be designed and manufactured to resemble any electronic gaming device that utilizes a video display monitor, such as a video lottery terminal, video slot machine, video poker machine, or any similar video gaming device; and

(29)~~[(30)]~~ "Electronic video gaming device," as used in this chapter and the related administrative regulations, means any device that possesses a video display and computer mechanism for playing a game. Electronic video gaming device shall not mean any electronic representation of charitable gaming games identified, defined, and approved by statute and by administrative regulation of the corporation.

➔Section 25. KRS 238.510 (Effective July 1, 2025) is amended to read as follows:

(1) The Office of Charitable Gaming is created as an office within the Kentucky Horse Racing and Gaming Corporation. ***Subject to the authority of the corporation,*** the office shall license and regulate the conduct of charitable gaming and license and regulate charitable organizations that desire to engage in charitable gaming, charitable gaming facilities, manufacturers, and distributors in the Commonwealth of Kentucky in accordance with the provisions of this chapter.

(2) ~~[The office shall be headed by a manager who shall be appointed by the president.]~~The president shall employ ***necessary*** staff~~[as may be necessary]~~ to administer and enforce the provisions of this chapter.

(3)~~[All office staff shall be classified and employed in accordance with applicable personnel requirements of the Personnel Cabinet in accordance with KRS Chapter 18A.~~

~~(4)]~~ No employee of the ***corporation***~~[office]~~ during his or her term of employment shall be an officer in a charitable organization that is licensed to conduct charitable gaming or be involved in the conduct of charitable gaming as a member of a licensed charitable organization. No employee of the ***corporation***~~[office]~~ during his or her term of employment shall be licensed as a manufacturer, distributor, or charitable gaming facility, or have a financial interest in any business that is licensed as a manufacturer, distributor, or charitable gaming facility.

(4)~~[(5)]~~ The president ***may***~~[shall]~~ appoint~~[charitable gaming]~~ investigators who ***may***~~[shall]~~ have the powers of peace officers throughout the Commonwealth; however, those powers shall be limited to:

(a) Enforcement of the provisions of KRS ***Chapters 230 and***~~[Chapter]~~ 238~~[, relating to charitable gaming]~~;

(b) Violations of KRS Chapter 528, relating to:

1. Unlicensed and illegal~~[charitable]~~ gaming;

2. Gambling offenses committed on licensed~~[charitable gaming]~~ premises; and

3. Gambling offenses committed in conjunction with ***a legal gaming activity***~~[charitable gaming]~~;

(c) Violations of KRS Chapter 514, relating to theft, embezzlement, or other illegal diversions of ***legal***~~[charitable]~~ gaming proceeds;

(d) Violations of KRS Chapters 516 and 517, relating to forgery and fraud in the conduct of ***legal***~~[charitable]~~ gaming;

(e) Violations relating to the damage or destruction of real or personal property owned or leased by a~~[charitable gaming]~~ licensee; and

(f) Violation of any criminal felony offense committed:

1. On licensed~~[charitable]~~ gaming premises; and

2. In the presence of ***an***~~[a charitable gaming]~~ investigator.

(5)~~[(6)]~~ ~~[Charitable]~~Gaming investigators ***may***~~[shall]~~ satisfy the certification standards established by the Department of Criminal Justice Training pursuant to KRS Chapter 15***, but this certification shall not be required for any investigators hired after the effective date of this section***. ~~[The manager may possess peace officer powers granted under subsection (5) of this section, if he or she is duly qualified. Charitable]~~Gaming investigators shall not qualify for hazardous duty coverage under the Kentucky Employees Retirement System.

(6)~~[(7)]~~ ~~[Charitable]~~Gaming investigators so appointed shall not possess peace officer powers other than those provided in subsection ***(4)***~~[(5)]~~ of this section.

➔Section 26. KRS 238.515 (Effective July 1, 2025) is amended to read as follows:

The office shall license and regulate the conduct of charitable gaming in the Commonwealth of Kentucky ***as authorized by the corporation. The president may integrate office responsibilities into other corporation offices to ensure efficiencies and eliminate duplication of duties***. ~~[In discharging this responsibility, the]~~Office~~[shall have the following]~~ powers and duties ***include***:

(1) Licensing charitable organizations, charitable gaming facilities, manufacturers, and distributors that desire to engage in charitable gaming;

(2) Establishing and enforcing reasonable standards for the conduct of charitable gaming and the operation of charitable gaming facilities;

(3) Prescribing reasonable fees for licenses;

(4) Establishing standards of accounting, recordkeeping, and reporting to insure charitable gaming receipts are properly accounted for;

(5) Establishing a process for reviewing complaints and allegations of wrongdoing, and for investigating complaints with merit. In furtherance of this duty, the office may issue administrative subpoenas and summonses. The office shall also establish toll-free telephone service for receiving complaints and inquiries;

(6) Taking appropriate disciplinary action, subject to the final order of the ***corporation***~~[board]~~, and making referrals for criminal prosecution of persons who do not operate in compliance with this chapter;

(7) Collecting and depositing all fees and fines in the charitable gaming regulatory account ***to be administered by the corporation***~~[and administering the account]~~; ***and***

(8)~~[Employing necessary staff, securing adequate office space, and executing other administrative and logistical matters to assure proper functioning of the office; and~~

~~(9)]~~ Proposing administrative regulations which are necessary to carry out the purposes and intent of this chapter.~~[Any administrative regulation proposed by the office that changes the manner in which a charitable organization conducts charitable gaming or is likely to cause a charitable organization to incur new or additional costs shall be subject to the requirements of KRS 238.522.]~~ In proposing administrative regulations under this subsection, the office shall submit any proposed regulations to the Kentucky Horse Racing and Gaming Corporation~~[and the advisory council established under KRS 238.520, and shall give the advisory council the opportunity to produce written comments in accordance with KRS 238.522 prior to submitting the proposed administrative regulations to the Kentucky Horse Racing and Gaming Corporation. If the advisory council chooses to produce written comments, the comments shall be attached to any public submission of the administrative regulation, including any filing under KRS Chapter 13A]~~.

➔Section 27. KRS 238.525 (Effective July 1, 2025) is amended to read as follows:

(1) Licenses shall be issued by the office on an annual~~[or biennial]~~ basis, except as otherwise permitted in KRS 238.530 and 238.545. A license term may be determined by the office in any manner it deems appropriate to facilitate efficient licensing. The office shall charge a renewal fee not to exceed the maximum amounts established in KRS 238.530, 238.535, and 238.555.

(2) The office may issue a temporary license to an applicant who has met the requirements for a license. A temporary license shall be valid from the date of issuance until the regular license is issued or for a period of sixty (60) days, whichever is shorter. A temporary license shall not be renewed, except for good cause and shall not exceed a total of nine (9) months in length.

(3) An applicant for any license to be issued under KRS 238.530 and 238.555 shall be subjected to a state and national criminal history background check by the office, with the assistance of the Department of Kentucky

State Police and the Federal Bureau of Investigation. An applicant for any license to be issued under KRS 238.535 shall be subjected to a state criminal history background check and may, if deemed reasonably necessary, be subjected to a national criminal history background check by the office with the assistance of the Department of Kentucky State Police and the Federal Bureau of Investigation. The criminal history background check shall apply to the chief executive officer and the chief financial officer or director of an applicant; any employee or member of an applicant who has been designated as chairperson of the charitable gaming activity; the applicant itself; and any individual with a ten percent (10%) or more financial interest in the applicant. The office shall require the fingerprinting of all applicants for licensure under KRS 238.530 and 238.555 and may require, if deemed reasonably necessary, the fingerprints of all applicants for licensure under KRS 238.535, who are natural persons in connection with the national criminal history background check to assure the identity of the applicant or applicants. The office may charge a reasonable fee not to exceed the actual cost of fingerprinting and records searching.

(4) No applicant shall be licensed and no license holder shall be able to maintain a license if an individual associated with the applicant or license holder in a capacity listed in subsection (3) of this section or the applicant or license holder itself has been convicted of a felony, gambling offense, criminal fraud, forgery, theft, falsifying business records, violation of KRS 238.995(7), or any two (2) misdemeanor crimes in federal court or the courts of any state, the District of Columbia, or any territory, consistent with the provisions of KRS Chapter 335B within ten (10) years preceding the application for licensure.

(5) No applicant shall be licensed unless all applicants required to be fingerprinted under the provision of subsection (3) of this section have been fingerprinted. The Department of Kentucky State Police may submit fingerprints of any applicant to the Federal Bureau of Investigation for the national criminal history background check. The corporation may by administrative regulation impose additional qualifications to meet the requirements of Pub. L. No. 92-544.

(6) If a change occurs in any information submitted during the license application process, the applicant or licensee shall notify the office in writing within thirty (30) days of the date the change occurred.

➔Section 28. KRS 238.535 (Effective July 1, 2025) is amended to read as follows:

(1) Any charitable organization conducting charitable gaming in the Commonwealth of Kentucky shall be licensed by the ***corporation*** ~~[office]~~. A charitable organization qualifying under subsection (12) of this section but not exceeding the limitations provided in this subsection shall be exempt from the licensure requirements when conducting the following charitable gaming activities:

(a) Bingo in which the gross receipts do not exceed a total of twenty-five thousand dollars ($25,000) per year;

(b) A raffle or raffles for which the gross receipts do not exceed twenty-five thousand dollars ($25,000) per year; and

(c) A charity fundraising event or events that do not involve special limited charitable games and the gross gaming receipts for which do not exceed twenty-five thousand dollars ($25,000) per year.

However, at no time shall a charitable organization's total limitations under this subsection exceed twenty-five thousand dollars ($25,000).

(2) (a) Any charitable organization exempt from the process of applying for a license under subsection (1) of this section, shall notify the office in writing, on a simple form issued by the office, of its intent to engage in exempt charitable gaming and the address at which the gaming is to occur. Any charitable organization exempt from the process of applying for a license under subsection (1) of this section, shall comply with all other provisions of this chapter relating to the conduct of charitable gaming, except:

1. Payment of the fee imposed under the provisions of KRS 238.570; and

2. The quarterly reporting requirements imposed under the provisions of KRS 238.550(7), unless the exempt charitable organization obtains a retroactive license pursuant to subsection (9) of this section.

(b) Before January 31 of the year immediately following the year of exemption, a charitable organization exempt from licensure under the provisions of subsection (1) of this section shall file a financial report with the office, on a form issued by the office, that contains the following information:

1. The type of gaming activity in which it engaged during that year;

2. The total gross receipts derived from gaming;

3. The amount of charitable gaming expenses paid;

4. The amount of net receipts derived; and

5. The disposition of those net receipts.

(3) An exemption that has been granted to a charitable organization for the preceding calendar year shall be automatically renewed on January 1 of the following year.

(4) If upon receipt of the financial report the office determines that the information appearing on the financial report renders the charitable organization ineligible to possess an exemption, the office shall notify the charitable organization that its exemption is rescinded. The organization may request an appeal of this rescission pursuant to KRS 238.565.

(5) If the annual financial report is not received by January 31, the exemption is automatically rescinded unless an extension of no more than thirty (30) days is granted by the office. The organization may request an appeal of this rescission pursuant to KRS 238.565.

(6) If an exemption is revoked because an organization has exceeded the limit imposed in subsection (1) of this section, the organization shall apply for a retroactive license in accordance with subsection (7) of this section.

(7) If an organization exceeds the limit imposed by any subsection of this section it shall:

(a) Report the amount to the office; and

(b) Apply for a retroactive charitable gaming license.

(8) Upon receipt of a report and application for a retroactive charitable gaming license, the office shall investigate to determine if the organization is otherwise qualified to hold the license.

(9) If the office determines that the applicant is qualified, it shall issue a charitable gaming license retroactive to the date on which the exemption limit was exceeded. The retroactive charitable gaming license shall be issued in the same manner as regular charitable gaming licenses.

(10) If the office determines that the applicant is not qualified it shall deny the license and take enforcement action, if appropriate.

(11) Once a retroactive or regular gaming license is issued to an organization, that organization shall not be eligible for exempt status in the future and shall maintain a charitable gaming license if it intends to continue charitable gaming activities, unless the charitable organization has not exceeded the exemption limitations of subsection (1) of this section for a period of two (2) years prior to its exemption request.

(12) (a) In order to qualify for licensure, a charitable organization shall:

1. a. Possess a tax exempt status under 26 U.S.C. secs. 501(c)(3), 501(c)(4), 501(c)(8), 501(c)(10), or 501(c)(19), or be covered under a group ruling issued by the Internal Revenue Service under authority of those sections; or

b. Be organized within the Commonwealth of Kentucky ***as a local school district,*** as a common school as defined in KRS 158.030, as an institution of higher education as defined in KRS 164A.305, or as a state college or university as provided for in KRS 164.290***. A common school, a program or organization affiliated with a common school, or any combination of common schools and programs affiliated with common schools located within a local school district may conduct charitable gaming under the local school district's charitable gaming license***;

2. Have been established and continuously operating within the Commonwealth of Kentucky for charitable purposes, other than the conduct of charitable gaming, for a period of three (3) years prior to application for licensure. For purposes of this paragraph, an applicant shall demonstrate establishment and continuous operation in Kentucky by its conduct of charitable activities from an office physically located within Kentucky both during the three (3) years immediately preceding its application for licensure and at all times during which it possesses a charitable gaming license. However, a charitable organization that operates for charitable purposes in more than ten (10) states and whose principal place of business is physically located in a state other than Kentucky may satisfy the requirements of this paragraph if it can document that it has:

a. Been actively engaged in charitable activities and has made reasonable progress, as defined in subparagraph 3. of this paragraph, in the conduct of charitable activities or the expenditure of funds within Kentucky for a period of three (3) years prior to application for licensure; and

b. Operated for charitable purposes from an office or place of business in the Kentucky county where it proposes to conduct charitable gaming for at least one (1) year prior to application for licensure, in accordance with subparagraph 4. of this paragraph and paragraph (c) of this subsection;

3. Have been actively engaged in charitable activities during the three (3) years immediately prior to application for licensure and be able to demonstrate, to the satisfaction of the office, reasonable progress in accomplishing its charitable purposes during this period. As used in this paragraph, "reasonable progress in accomplishing its charitable purposes" means the regular and uninterrupted conduct of activities within the Commonwealth or the expenditure of funds within the Commonwealth to accomplish relief of poverty, advancement of education, protection of health, relief from disease, relief from suffering or distress, protection of the environment, conservation of wildlife, advancement of civic, governmental, or municipal purposes, or advancement of those purposes delineated in KRS 238.505(3). In order to demonstrate reasonable progress in accomplishing its charitable purposes when applying to renew an existing license, a licensed charitable organization shall additionally provide to the office a detailed accounting regarding its expenditure of charitable gaming net receipts for the purposes described in this paragraph; and

4. Have maintained an office or place of business, other than for the conduct of charitable gaming, for at least one (1) year in the county in which charitable gaming is to be conducted. The office or place of business shall be a separate and distinct address and location from that of any other licensee of the Office of Charitable Gaming; except that up to three (3) licensed charitable organizations may have the same address if they legitimately share office space.

(b) 1. A charitable organization that has established and maintained an office or place of business in the county for a period of at least one (1) year may hold a raffle drawing or a charity fundraising event, including special limited charity fundraising events, in a Kentucky county other than that in which the organization's office or place of business is located.

2. For raffles, the organization shall notify the Office of Charitable Gaming in writing of the organization's intent to change the drawing's location at least thirty (30) days before the drawing takes place. This written notification:

a. May be transmitted in any commercially reasonable means, authorized by the office, including facsimile and electronic mail; and

b. Shall set out the place and the county in which the drawing will take place.

Approval by the office shall be received prior to the conduct of the raffle drawing at the new location.

(c) Any charitable organization that was registered with the county clerk to conduct charitable gaming in a county on or before March 31, 1992, shall satisfy the requirement contained in paragraph (a)4. of this subsection if it maintained a place of business or operation, other than for the conduct of charitable gaming, for one (1) year prior to application in a Kentucky county adjoining the county in which they were registered.

(13) In applying for a license, the information to be submitted shall include but not be limited to the following:

(a) The name and address of the charitable organization;

(b) The date of the charitable organization's establishment in the Commonwealth of Kentucky and the date of establishment in the county or counties in which charitable gaming is to be conducted;

(c) A statement of the charitable purpose or purposes for which the organization was organized. If the charitable organization is incorporated, a copy of the articles of incorporation shall satisfy this requirement;

(d) A statement explaining the organizational structure and management of the organization. For incorporated entities, a copy of the organizations' bylaws shall satisfy this requirement;

(e) A detailed accounting of the charitable activities in which the charitable organization has been engaged for the three (3) years preceding application for licensure;

(f) The names, addresses, dates of birth, and Social Security numbers of all officers of the organization;

(g) The names, addresses, dates of birth, and Social Security numbers of all employees and members of the charitable organization who will be involved in the management and supervision of charitable gaming. No fewer than two (2) employees or members of the charitable organization who are involved in the management and supervision of charitable gaming, along with the chief executive officer or the director of the applicant organization, shall be designated as chairpersons;

(h) The address of the location at which charitable gaming will be conducted and the name and address of the owner of the property, if it is owned by a person other than the charitable organization;

(i) A copy of the letter or other legal document issued by the Internal Revenue Service to grant tax-exempt status;

(j) A statement signed by the presiding or other responsible officer of the charitable organization attesting that the information submitted in the application is true and correct and that the organization agrees to comply with all applicable laws and administrative regulations regarding charitable gaming;

(k) An agreement that the charitable organization's records may be released by the Federal Internal Revenue Service to the office; and

(l) Any other information the office deems appropriate.

(14) (a) An organization or a group of individuals that does not meet the licensing requirements of subsection (12) of this section may hold a raffle if:

1. The gross receipts do not exceed five hundred dollars ($500);

2. All proceeds from the raffle are distributed to a charitable organization; and

3. The organization or group of individuals holds no more than three (3) raffles each year;

and shall be exempt from complying with the notification, application, and reporting requirements of subsections (2) and (13) of this section.

(b) An organization or a group of individuals that does not meet the licensing requirements of subsection (12) of this section may hold a raffle if:

1. The organization holds a special event raffle license issued by the office and complies with the regulatory requirements in this chapter, including but not limited to the quarterly reporting requirements of KRS 238.550(7), the retention requirements of KRS 238.536, and payment of the fee imposed by KRS 238.570;

2. The organization possesses a tax-exempt status under 26 U.S.C. sec. 501(c)(7);

3. The organization holds no more than twelve (12) raffles per year;

4. Each raffle complies with the office's raffle standards in KRS 238.545 and administrative regulations promulgated thereunder and is approved by the office in writing prior to the sale of the first raffle ticket;

5. The gross receipts of each raffle do not exceed five hundred thousand dollars ($500,000); and

6. One hundred percent (100%) of the net receipts of each raffle shall be distributed to a charitable organization licensed by the office pursuant to subsection (12) of this section to conduct charitable gaming as follows:

a. All distributed net receipts shall be maintained by the recipient licensed charitable organization in a separate account to be designated as the "raffle recipient account";

b. All distributed net receipts shall be expended by the recipient licensed charitable organization to further the charitable purpose of the recipient licensed charitable organization as required by KRS 238.550(4); and

c. All distributed net receipts, and the expenditure thereof, shall be reported to the office and be subject to the office's auditing and investigative authority consistent with the provisions of this chapter.

(c) An applicant qualifying under paragraph (b) of this subsection shall submit an application for a special event raffle license, and the information to be submitted shall include but not be limited to the following:

1. The name and address of the organization;

2. The date of the organization's establishment in the Commonwealth of Kentucky and the date of the organization's establishment in the county or counties in which charitable gaming is to be conducted;

3. A statement of the purpose or purposes for which the organization was organized and identification of the licensed charitable organization to which the applicant will distribute its net receipts. If the organization is incorporated, a copy of the articles of incorporation shall satisfy this requirement;

4. A statement explaining the organizational structure and management of the organization. For incorporated entities, a copy of the organization's bylaws shall satisfy this requirement;

5. The names, addresses, dates of birth, and Social Security numbers of all officers of the organization;

6. The names, addresses, dates of birth, and Social Security numbers of all employees and members of the organization who will be involved in the management and supervision of charitable gaming. No fewer than two (2) employees or members of the organization who are involved in the management and supervision of charitable gaming, along with the chief executive officer or the director of the applicant organization, shall be designated as chairpersons;

7. The address of the location at which charitable gaming will be conducted and the name and address of the owner of the property, if it is owned by a person other than the organization;

8. A copy of the letter or other legal document issued by the Internal Revenue Service to grant tax-exempt status;

9. A statement signed by the presiding or other responsible officer of the organization attesting that the information submitted in the application is true and correct and that the organization agrees to comply with all applicable laws and administrative regulations regarding charitable gaming;

10. An agreement that the organization's records may be released by the federal Internal Revenue Service to the office; and

11. Any other information as determined by the corporation through the promulgation of administrative regulations.

(15) The office may issue a license for a specified period of time, based on the type of charitable gaming involved and the desired duration of the activity.

(16) The office shall charge a fee for each license issued and renewed, not to exceed three hundred dollars ($300). Specific fees to be charged ***may*** ~~[shall]~~ be prescribed in a graduated scale promulgated by administrative regulations ***of the corporation*** and based on type of license, type of charitable gaming, actual or projected gross receipts, or other applicable factors, or combination of factors.

(17) (a) A licensed charitable organization may place its charitable gaming license in escrow if:

1. The licensee notifies the office in writing that it desires to place its license in escrow; and

2. The license is in good standing and the office has not initiated disciplinary action against the licensee.

(b) During the escrow period, the licensee shall not engage in charitable gaming, and the escrow period shall not be included in calculating the licensee's retention rate under KRS 238.536.

(c) A charitable organization may apply for reinstatement of its active license and the license shall be reinstated provided:

1. The charitable organization continues to qualify for licensure;

2. The charitable organization has not engaged in charitable gaming during the escrow period; and

3. The charitable organization pays a reinstatement fee established by the office.

➔Section 29. KRS 238.545 (Effective July 1, 2025) is amended to read as follows:

(1) A licensed charitable organization shall be limited by the following:

(a) In the conduct of bingo, to one (1) session per day, two (2) sessions per week, for a period not to exceed five (5) consecutive hours in any day and not to exceed ten (10) total hours per week:

1. No licensed charitable organization shall conduct bingo at more than one (1) location during the same twenty-four (24) hour period;

2. No licensed charitable organization shall award prizes for bingo that exceed five thousand dollars ($5,000) in fair market value per twenty-four (24) hour period, including the value of door prizes; and

3. No person under the age of eighteen (18) shall be permitted to purchase bingo supplies or play bingo unless he or she is playing for noncash prizes and is accompanied by a parent or legal guardian and only if the value of any noncash prize awarded does not exceed ten dollars ($10);

(b) 1. A licensed charitable organization may provide card-minding devices for use by players of bingo games.

2. If a licensed charitable organization offers card-minding devices for use by players, the devices shall be capable of being used in conjunction with bingo cards or paper sheets at all times.

3. ***Subject to the authority of the corporation,*** the office shall have broad authority to define and regulate the use of card-minding devices and the corporation ***may***~~[shall]~~ promulgate an administrative regulation concerning use and control of them;

(c) Charity game tickets shall be sold only at the address of the location designated on the license to conduct charitable gaming;

(d) Charity game tickets may be sold, with prior approval of the office:

1. At any authorized special charity fundraising event conducted by a licensed charitable organization at any off-site location; or

2. By a licensed charitable organization possessing a special limited charitable gaming license at any off-site location; and

(e) An automated charity game ticket dispenser may be utilized by a licensed charitable organization, with the prior approval of the office, only at the address of the location designated on the license to conduct charitable gaming. The corporation ***may***~~[shall]~~ promulgate administrative regulations regulating the use and control of approved automated charity game ticket dispensers.

(2) (a) No prize for an individual charity game ticket shall exceed five hundred ninety-nine dollars ($599) in value, not including the value of cumulative or carryover prizes awarded in seal card games.

(b) Cumulative or carryover prizes in seal card games shall not exceed two thousand four hundred dollars ($2,400).

(c) Information concerning rules of the particular game and prizes that are to be awarded in excess of fifty dollars ($50) in each separate package or series of packages with the same serial number and all rules governing the handling of cumulative or carryover prizes in seal card games shall be posted prominently in an area where charity game tickets are sold. A legible poster that lists prizes to be awarded, and on which prizes actually awarded are posted at the completion of the sale of each separate package shall satisfy this requirement.

(d) Any unclaimed money or prize shall return to the charitable organization.

(e) No paper charity game ticket shall be sold in the Commonwealth of Kentucky that does not conform to the standards for opacity, randomization, minimum information, winner protection, color, and cutting established by the office.

(f) No electronic pulltab device representation of a charity game ticket shall be sold in the Commonwealth of Kentucky that does not conform to the construction standards set forth in an administrative regulation promulgated by the corporation. Electronic pulltab devices shall only be used for charitable gaming.

(g) No person under the age of eighteen (18) shall be permitted to purchase, or open in any manner, a charity game ticket.

(3) (a) Tickets for a raffle shall be sold separately, and each ticket shall constitute a separate and equal chance to win.

(b) All raffle tickets shall be sold for the price stated on the ticket, and no person shall be required to purchase more than one (1) ticket or to pay for anything other than a ticket to enter a raffle.

(c) Raffle tickets and tickets for charity fundraising raffle games approved by the office which are offered exclusively at charity fundraising events and special limited charity fundraising events are not required to be sold separately and may be sold at discounted package rates.

(d) Raffle tickets shall have a unique identifier on each ticket.

(e) Winners shall be drawn at random at a date, time, and place announced in advance or printed on the ticket.

(f) All prizes for a raffle shall be identified in advance of the drawing and all prizes identified shall be awarded.

(4) With respect to charity fundraising events, a licensed charitable organization shall be limited as follows:

(a) No licensed charitable organization shall conduct a charity fundraising event or a special limited charity fundraising event unless they have a license for the respective event issued by the office;

(b) No special license shall be required for any wheel game, such as a cake wheel, that awards only noncash prizes the value of which does not exceed one hundred dollars ($100);

(c) The office may grant approval for a licensed charitable organization to play bingo games at a charity fundraising event. Cash prizes for bingo games played during a charity fundraising event may not exceed five thousand dollars ($5,000) for the entire event. No person under the age of eighteen (18) shall be permitted to play bingo at a charity fundraising event unless accompanied by a parent or legal guardian;

(d) The office may grant approval for a licensed charitable organization to play special limited charitable games at a charity fundraising event authorized under this section. The office shall not grant approval for the playing of special limited charitable games under the provisions of a charity fundraising event license unless the proposed event meets the definition of a charity fundraising event held for community, social, or entertainment purposes apart from charitable gaming in accordance with KRS 238.505(8);

(e) Except for state, county, city fairs, and special limited charity fundraising events, a charity fundraising event license issued under this section shall not exceed seventy-two (72) consecutive hours. A licensed charitable organization shall not be eligible for more than eight (8) total charity fundraising event licenses per year, including two (2) special limited charity fundraising event licenses. No person under eighteen (18) years of age shall be allowed to play or conduct any special limited charitable game. ***Subject to the authority of the corporation,*** the office shall have broad authority to regulate the conduct of special limited charity fundraising events in accordance with the provisions of KRS 238.547; and

(f) Charity fundraising events may be held:

1. On or in the premises of a licensed charitable organization;

2. In a licensed charitable gaming facility, subject to restrictions contained in KRS 238.555(7); or

3. At an unlicensed facility which shall be subject to the requirements stipulated in KRS 238.555(3), and subject to the restrictions contained in KRS 238.547(2).

(5) Presentation of false, fraudulent, or altered identification by a minor shall be an affirmative defense in any disciplinary action or prosecution that may result from a violation of age restrictions contained in this section, if the appearance and character of the minor were such that his or her age could not be reasonably ascertained by other means.

➔Section 30. KRS 238.565 (Effective July 1, 2025) is amended to read as follows:

(1) A license holder may appeal any administrative action taken under KRS 238.560. A license holder shall be notified in writing of any action to be taken against him or her. The notification may be delivered in person or mailed by certified mail, return receipt requested, to the last known address of the license holder. Service of notification of administrative action, whether by hand delivery or by certified mail, shall be deemed complete if the license holder fails or refuses to accept delivery. For service by hand delivery, notification shall be

deemed received upon acceptance of delivery or upon failure or refusal to accept delivery, and the person affecting service on behalf of the office shall record the fact of the failure or refusal. For service by certified mail, the notification of administrative action shall be deemed received when the license holder accepts delivery or fails or refuses to accept delivery at the last known address. The notification shall specify the charges against the license holder, specify the proposed administrative sanction, and advise the license holder of the right to appeal the decision within ten (10) days of the date of receipt of the notification.

(2) Upon receipt of an appeal, the ***corporation*** ~~[board]~~ shall schedule the matter for an administrative hearing that shall be conducted in accordance with KRS Chapter 13B.

(3) Any provisions of KRS Chapter 13B notwithstanding, within twenty (20) days after the conclusion of a hearing, the hearing officer shall prepare and present to the ***corporation*** ~~[board]~~ a recommended order based on findings of fact and conclusions of law. Within thirty (30) days of receipt of the recommended order, the ***corporation*** ~~[board]~~ shall affirm, reject, or modify, in whole or in part, the recommended order and shall issue a final order. The final order shall be the final administrative action on the matter and a copy of the final order shall be mailed to the license holder, by certified mail, return receipt requested.

(4) Pursuant to KRS 13B.120(7), the ***corporation*** ~~[board]~~ shall automatically hear and issue a final order regarding any decision of the ***corporation*** ~~[office]~~ that would otherwise be subject to appeal.

(5) Any administrative action taken under this section shall, upon appeal, be stayed until a final order is issued, with the exception of a summary suspension. The ***corporation*** ~~[board]~~ may issue an emergency order pursuant to KRS 13B.125 to summarily suspend a license upon finding that continued operation of the license holder pending a hearing would constitute a threat to the public health, safety, or welfare.

(6) A final order of the ***corporation*** ~~[board]~~ may be appealed to the Circuit Court of the county where the appellant works or resides in accordance with KRS Chapter 13B. If the license holder against whom administrative action is proposed does not request an appeal of the action, the ***corporation*** ~~[board]~~ shall enter a final order imposing the proposed administrative action.

➔Section 31. KRS 238.570 (Effective July 1, 2025) is amended to read as follows:

(1) A fee is imposed on charitable gaming in the amount of fifty-three hundredths of one percent (0.53%) of gross receipts derived from all charitable gaming conducted by charitable organizations required to be licensed in the Commonwealth of Kentucky. ~~[The amount of the fee shall be adjusted by October 1 of each odd-numbered year in accordance with subsection (3) of this section.]~~ Each licensed charitable organization shall remit to the ***corporation*** ~~[office]~~ all moneys due ~~[as set forth in administrative regulations promulgated by the corporation]~~. Failure by a licensed charitable organization to timely remit the fee required under this subsection upon notice of delinquency shall constitute grounds for disciplinary action in accordance with KRS 238.560.

(2) The charitable gaming regulatory account is hereby created as a ***corporate*** ~~[revolving]~~ account within the agency revenue fund and under the control of the Kentucky Horse Racing and Gaming Corporation. All revenues generated from the fee levied in subsection (1) of this section from license fees and from administrative fines imposed by the office shall be deposited in this account. Fund amounts attributable to the fee levied in subsection (1) of this section that are not expended at the close of a fiscal year shall not lapse but shall be carried forward to the next fiscal year.

~~[(3) (a) No later than July 31 of each odd-numbered year, the Kentucky Horse Racing and Gaming Corporation shall determine:~~

~~1. The amount of gross receipts during the prior biennium against which the fee collected under subsection (1) of this section was assessed; and~~

~~2. The final budgeted amount as determined by the enacted budget for the upcoming biennium for the administration and enforcement of the provisions of this chapter. If a budget is not enacted, the amount shall be the corresponding amount in the last enacted budget.~~

~~(b) On October 1 of each odd-numbered year, the fee assessed under subsection (1) of this section shall be proportionally adjusted by the Kentucky Horse Racing and Gaming Corporation. The new rate shall be calculated by multiplying one hundred ten percent (110%) by the amount determined in paragraph (a)2. of this subsection, and subtracting from that amount one half (1/2) of any remaining balance in the account. The total shall then be divided by the amount determined in paragraph (a)1. of this subsection. The result shall be expressed as a percentage and shall be rounded to the nearest thousandth of a percent (0.000%).]~~

➔Section 32. KRS 18A.115 is amended to read as follows:

(1) The classified service to which KRS 18A.005 to 18A.200 shall apply shall comprise all positions in the state service now existing or hereafter established, except the following:

(a) The General Assembly and employees of the General Assembly, including the employees of the Legislative Research Commission;

(b) Officers elected by popular vote and persons appointed to fill vacancies in elective offices;

(c) Members of boards and commissions;

(d) Officers and employees on the staff of the Governor, the Lieutenant Governor, the Office of the Secretary of the Governor's Cabinet, and the Office of Program Administration;

(e) Cabinet secretaries, commissioners, office heads, and the administrative heads of all boards and commissions, including the executive director of Kentucky Educational Television;

(f) Employees of Kentucky Educational Television who have been determined to be exempt from classified service by the Kentucky Authority for Educational Television, which shall have sole authority over such exempt employees for employment, dismissal, and setting of compensation, up to the maximum established for the executive director and his or her principal assistants;

(g) One (1) principal assistant or deputy for each person exempted under subsection (1)(e) of this section;

(h) One (1) additional principal assistant or deputy as may be necessary for making and carrying out policy for each person exempted under subsection (1)(e) of this section in those instances in which the nature of the functions, size, or complexity of the unit involved are such that the secretary approves such an addition on petition of the relevant cabinet secretary or department head and such other principal assistants, deputies, or other major assistants as may be necessary for making and carrying out policy for each person exempted under subsection (1)(e) of this section in those instances in which the nature of the functions, size, or complexity of the unit involved are such that the board may approve such an addition or additions on petition of the department head approved by the secretary. Effective August 1, 2010:

1. All positions approved under this paragraph prior to August 1, 2010, shall be abolished effective December 31, 2010, unless reapproved under subparagraph 2. of this paragraph; and

2. A position approved under this paragraph on or after August 1, 2010, shall be approved for a period of five (5) years, after which time the position shall be abolished unless reapproved under this subparagraph for an additional five (5) year period;

(i) Division directors subject to the provisions of KRS 18A.170. Division directors in the classified service as of January 1, 1980, shall remain in the classified service;

(j) Physicians employed as such;

(k) One (1) private secretary for each person exempted under subsection (1)(e), (g), and (h) of this section;

(l) The judicial department, referees, receivers, jurors, and notaries public;

(m) Officers and members of the staffs of state universities and colleges and student employees of such institutions; officers and employees of the Teachers' Retirement System; and officers, teachers, and employees of local boards of education;

(n) Patients or inmates employed in state institutions;

(o) Persons employed in a professional or scientific capacity to make or conduct a temporary or special inquiry, investigation, or examination on behalf of the General Assembly, or a committee thereof, or by authority of the Governor, and persons employed by state agencies for a specified, limited period to provide professional, technical, scientific, or artistic services under the provisions of KRS 45A.690 to 45A.725;

(p) Interim employees;

(q) Officers and members of the state militia;

(r) Department of Kentucky State Police troopers;

(s) University or college engineering students or other students employed part-time or part-year by the state through special personnel recruitment programs; provided that while so employed such aides shall be under contract to work full-time for the state after graduation for a period of time approved by the commissioner or shall be participants in a cooperative education program approved by the commissioner;

(t) Superintendents of state mental institutions, including heads of centers for individuals with an intellectual disability, and penal and correctional institutions as referred to in KRS 196.180(2);

(u) Staff members of the Kentucky Historical Society, if they are hired in accordance with KRS 171.311;

(v) County and Commonwealth's attorneys and their respective appointees;

(w) Chief district engineers and the state highway engineer;

(x) ***Employees of*** ~~[veterinarians employed as such by]~~ the Kentucky Horse Racing and Gaming Corporation;

(y) Employees of the Kentucky Peace Corps;

(z) Employees of the Council on Postsecondary Education;

(aa) Executive director of the Commonwealth Office of Technology;

(ab) Employees of Serve Kentucky;

(ac) Persons employed in certified teaching positions at the Kentucky School for the Blind and the Kentucky School for the Deaf;

(ad) Federally funded time-limited employees as defined in KRS 18A.005; and

(ae) Employees of the Department of Agriculture who are employed to support the Agricultural Development Board and the Kentucky Agricultural Finance Corporation.

(2) Nothing in KRS 18A.005 to 18A.200 is intended, or shall be construed, to alter or amend the provisions of KRS 150.022 and 150.061.

(3) Nothing in KRS 18A.005 to 18A.200 is intended or shall be construed to affect any nonmanagement, nonpolicy-making position which must be included in the classified service as a prerequisite to the grant of federal funds to a state agency.

(4) Career employees within the classified service promoted to positions exempted from classified service shall, upon termination of their employment in the exempted service, revert to a position in that class in the agency from which they were terminated if a vacancy in that class exists. If no such vacancy exists, they shall be considered for employment in any vacant position for which they were qualified pursuant to KRS 18A.130 and 18A.135.

(5) Nothing in KRS 18A.005 to 18A.200 shall be construed as precluding appointing officers from filling unclassified positions in the manner in which positions in the classified service are filled except as otherwise provided in KRS 18A.005 to 18A.200.

(6) The positions of employees who are transferred, effective July 1, 1998, from the Cabinet for Workforce Development to the Kentucky Community and Technical College System shall be abolished and the employees' names removed from the roster of state employees. Employees that are transferred, effective July 1, 1998, to the Kentucky Community and Technical College System under KRS Chapter 164 shall have the same benefits and rights as they had under KRS Chapter 18A and have under KRS 164.5805; however, they shall have no guaranteed reemployment rights in the KRS Chapter 151B or KRS Chapter 18A personnel systems. An employee who seeks reemployment in a state position under KRS Chapter 151B or KRS Chapter 18A shall have years of service in the Kentucky Community and Technical College System counted towards years of experience for calculating benefits and compensation.

(7) On August 15, 2000, all certified and equivalent personnel, all unclassified personnel, and all certified and equivalent and unclassified vacant positions in the Department for Adult Education and Literacy shall be transferred from the personnel system under KRS Chapter 151B to the personnel system under KRS Chapter 18A. The positions shall be deleted from the KRS Chapter 151B personnel system. All records shall be transferred including accumulated annual leave, sick leave, compensatory time, and service credit for each affected employee. The personnel officers who administer the personnel systems under KRS Chapter 151B and KRS Chapter 18A shall exercise the necessary administrative procedures to effect the change in personnel

authority. No certified or equivalent employee in the Department for Adult Education and Literacy shall suffer any penalty in the transfer.

(8) On August 15, 2000, secretaries and assistants attached to policymaking positions in the Department for Technical Education and the Department for Adult Education and Literacy shall be transferred from the personnel system under KRS Chapter 151B to the personnel system under KRS Chapter 18A. The positions shall be deleted from the KRS Chapter 151B system. All records shall be transferred including accumulated annual leave, sick leave, compensatory time, and service credit for each affected employee. No employee shall suffer any penalty in the transfer.

(9) On May 1, 2017, all contract employees of Eastern Kentucky University who are engaged in providing instructional and support services to the Department of Criminal Justice Training shall be transferred to the personnel system under KRS Chapter 18A. All records shall be transferred, including accumulated annual leave, sick leave, compensatory time, and service credit for each affected employee. The personnel officers who administer the personnel systems for Eastern Kentucky University and under KRS Chapter 18A shall exercise the necessary administrative procedures to effect the change in personnel authority. No employee shall suffer any penalty in the transfer.

(10) On July 1, 2024, all employees of the Louisville and Jefferson County Public Defender Corporation shall be transferred to the personnel system under KRS Chapter 18A. Records of each employee's job classification, compensation, dates of employment, dates of professional licensure, probationary status, accumulated leave balances by category, months of service, and any other information necessary under KRS Chapter 18A shall be transferred. The personnel officers who administer the personnel systems for the Louisville and Jefferson County Public Defender Corporation and under KRS Chapter 18A shall exercise the necessary administrative procedures to effect the change in the personnel authority. No employee shall suffer any penalty in the transfer.

➔Section 33. KRS 138.510 is amended to read as follows:

(1) (a) Before August 1, 2022, except as provided in paragraph (e) of this subsection and subsection (3) of this section, an excise tax is imposed on all tracks conducting pari-mutuel wagering on live racing under the jurisdiction of the corporation as follows:

1. For each track with a daily average live handle of one million two hundred thousand dollars ($1,200,000) or above, the tax shall be in the amount of three and one-half percent (3.5%) of all money wagered on live races at the track during the fiscal year; and

2. For each track with a daily average live handle under one million two hundred thousand dollars ($1,200,000), the tax shall be one and one-half percent (1.5%) of all money wagered on live races at the track during the fiscal year.

(b) Beginning August 1, 2022, the excise tax imposed on all tracks conducting pari-mutuel wagering on live racing under jurisdiction of the corporation shall be one and one-half percent (1.5%) of all money wagered on live races at the track during the fiscal year.

(c) Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting pari-mutuel wagering on historical horse races under the jurisdiction of the corporation at a rate of one and one-half percent (1.5%) of all money wagered on historical horse races at the track during the fiscal year.

(d) Money shall be deducted from the tax paid under paragraphs (a), (b), and (c) of this subsection and deposited as follows:

1. a. Before August 1, 2022, an amount equal to three-quarters of one percent (0.75%) of all money wagered on live races and historical horse races at the track for Thoroughbred racing shall be deposited in the Thoroughbred development fund established in KRS 230.400; and

b. Beginning August 1, 2022, an amount equal to three-quarters of one percent (0.75%) of all money wagered on live races and historical horse races at the track for Thoroughbred racing shall be deposited in the Thoroughbred development fund established in KRS 230.400 until forty-five million dollars ($45,000,000) has been deposited during a fiscal year, at which point the amount deposited in the fund shall decrease to four-tenths of one percent (0.4%) of all money wagered on live and historical horse races at the track for Thoroughbred racing for the remainder of the fiscal year;

2. a. Before August 1, 2022, an amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for harness racing shall be deposited in the Kentucky standardbred development fund established in KRS 230.770. Beginning August 1, 2022, an amount equal to one percent (1%) of all money wagered on live races at the track for harness racing shall be deposited in the Kentucky standardbred development fund until a total of twenty million dollars ($20,000,000) has been deposited during a fiscal year from this subparagraph, at which point the amount deposited shall decrease to four-tenths of one percent (0.4%) of all money wagered for the remainder of the fiscal year; and

   b. Beginning August 1, 2022, an amount equal to one percent (1%) of all money wagered on historical horse races at the track for harness racing shall be distributed in the exact amounts based upon contracts between the parties that have been filed with the corporation, but at least one-half (1/2) of the funds shall be deposited into the Kentucky standardbred development fund established in KRS 230.770 until a total of twenty million dollars ($20,000,000) has been deposited into the Kentucky standardbred development fund during a fiscal year from this subparagraph, at which point the amount deposited in this subdivision shall decrease to four-tenths of one percent (0.4%) of all money wagered for the remainder of the fiscal year. The corporation shall provide the department all information necessary from the contracts in order for the funds in this subparagraph to be distributed;

3. ***a.*** An amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian horse racing shall be deposited in the Kentucky~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian development fund established by KRS 230.445***; and***

   b. An amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for quarter horse racing shall be deposited in the Kentucky quarter horse development fund established by Section 13 of this Act;

4. An amount equal to two-tenths of one percent (0.2%) of all money wagered on live races and historical horse races at the track shall be paid out in equal amounts as follows:

   a. To the equine industry program trust and revolving fund established by KRS 230.550 to support the Equine Industry Program at the University of Louisville, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed eight hundred fifty thousand dollars ($850,000);

   b. To the University of Kentucky for equine industry programs at the university, except that the amount paid from money wagered on historical horse races in any fiscal year shall not exceed four hundred thousand dollars ($400,000);

   c. To the Bluegrass Community and Technical College for the provision of equine industry programs by the system, except that the amount paid from money wagered on historical horse races in any fiscal year shall not exceed two hundred fifty thousand dollars ($250,000);

   d. Amounts remaining from money wagered on historical horse races in a fiscal year after payments are made in accordance with subdivisions a., b., and c. of this subparagraph shall be distributed in equal amounts to:

      i. The Kentucky Horse Racing and Gaming Corporation for the benefit of Thoroughbred, standardbred, and American quarter horse aftercare facilities in Kentucky, in an amount not to exceed two hundred fifty thousand dollars ($250,000). The Kentucky Horse Racing and Gaming Corporation shall serve as the administrative agent for these funds, and shall distribute them annually to organizations engaged in the accreditation and monitoring of aftercare facilities. Any funds distributed under this subpart by the Kentucky Horse Racing and Gaming Corporation shall be awarded to aftercare facilities based in Kentucky only after the facilities have achieved and maintained levels of service and operation that resulted in national accreditation; and

      ii. The Kentucky equine management internship program for equine management

training, in an amount not to exceed two hundred fifty thousand dollars ($250,000); and

e. Any amounts remaining from money wagered on historical horse races in a fiscal year after payments are made in accordance with subdivisions a., b., c., and d. of this subparagraph shall be paid to the general fund;

5. a. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races at the track shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities and the Bluegrass Community and Technical College, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars ($320,000).

b. These funds shall not be used for salaries or for operating funds for teaching, research, or administration. Funds allocated under this subparagraph shall not replace other funds for capital purposes or operation of equine programs at state universities and the Bluegrass Community and Technical College.

c. The Kentucky Council on Postsecondary Education shall serve as the administrative agent for these funds, and shall establish an advisory committee of interested parties, including all universities and the Bluegrass Community and Technical College with established equine programs, to evaluate proposals and make recommendations for the awarding of funds.

d. The Kentucky Council on Postsecondary Education may promulgate administrative regulations to establish procedures for administering the program and criteria for evaluating and awarding grants; and

6. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races shall be distributed to the corporation to support equine drug testing as provided in KRS 230.265(3), except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars ($320,000).

(e) The excise tax imposed by paragraphs (a) and (b) of this subsection shall not apply to pari-mutuel wagering on live harness racing at a county fair.

(2) (a) Except as provided in paragraph (c) of this subsection, an excise tax is imposed on:

1. All tracks conducting telephone account wagering;

2. All tracks participating as receiving tracks in intertrack wagering under the jurisdiction of the corporation; and

3. All tracks participating as receiving tracks displaying simulcasts and conducting interstate wagering thereon.

(b) 1. Before August 1, 2022, the tax shall be three percent (3%) of all money wagered on races as provided in paragraph (a) of this subsection during the fiscal year.

2. Beginning August 1, 2022, the tax shall be one and one-half percent (1.5%) of all money wagered on races as provided in paragraph (a) of this subsection during the fiscal year.

(c) A noncontiguous track facility approved by the corporation on or after January 1, 1999, shall be exempt from the tax imposed under this subsection, if the facility is established and operated by a licensed track which has a total annual handle on live racing of two hundred fifty thousand dollars ($250,000) or less. The amount of money exempted under this paragraph shall be retained by the noncontiguous track facility, KRS 230.3771 and 230.378 notwithstanding.

(d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of this subsection as follows:

1. An amount equal to one percent (1%) of the amount wagered shall be deposited as follows:

a. In the Thoroughbred development fund established in KRS 230.400 if the host track is conducting a Thoroughbred race meeting or the interstate wagering is conducted on a Thoroughbred race meeting;

b. In the Kentucky standardbred development fund established in KRS 230.770, if the host track is conducting a harness race meeting or the interstate wagering is conducted on a harness race meeting;~~[or]~~

c. In the Kentucky~~[quarter horse,]~~ paint horse, Appaloosa, and Arabian development fund established by KRS 230.445, if the host track is conducting a~~[quarter horse,]~~ paint horse, Appaloosa, or Arabian horse race meeting or the interstate wagering is conducted on a~~[quarter horse,]~~ paint horse, Appaloosa, or Arabian horse race meeting***; or***

d. In the Kentucky quarter horse development fund established by Section 13 of this Act, if the host track is conducting a quarter horse race meeting or the interstate wagering is conducted on a quarter horse race meeting;

2. An amount equal to twenty-five thousandths of one percent (0.025%) of the amount wagered shall be allocated to the equine industry program trust and revolving fund established by KRS 230.550 to be used to support the Equine Industry Program at the University of Louisville;

3. An amount equal to one-twentieth of one percent (0.05%) of the amount wagered shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities, as detailed in subsection (1)(d)5. of this section; and

4. An amount equal to one-twentieth of one percent (0.05%) of the amount wagered shall be distributed to the corporation to support equine drug testing as provided in KRS 230.265(3).

(3) If a host track in this state is the location for the conduct of a two (2) day international horse racing event that distributes in excess of a total of twenty million dollars ($20,000,000) in purses and awards:

(a) The excise tax imposed by subsection (1)(a) and (b) of this section shall not apply to money wagered at the track on live races conducted at the track during the two (2) day international horse racing event; and

(b) Amounts wagered at the track on live races conducted at the track during the two (2) day international horse racing event shall not be included in calculating the daily average live handle for purposes of subsection (1) of this section.

(4) If a host track in this state is the location for the conduct of an international harness racing event spanning multiple days that distributes at least five million dollars ($5,000,000) in purses and awards, the Tourism, Arts and Heritage Cabinet shall be granted a race title sponsorship and promotional package at the international harness racing event with all usual and customary benefits assigned to promote Kentucky tourism. The Tourism, Arts and Heritage Cabinet shall not be charged any fees for the promotional package.

(5) The taxes imposed by this section shall be paid, collected, and administered as provided in KRS 138.530.

➔Section 34. KRS 68.182 is amended to read as follows:

(1) Occupational license fees levied under KRS 67.083, 68.180, and 68.197 by the fiscal court of a county, consolidated local government, urban-county government, charter county government, or unified local government may apply to racetrack extensions.

(2) As used in this section:

(a) "Historical horse race" has the same meaning as in KRS 138.511; and

(b) 1. "Racetrack extension" means any facility:

a. Owned, leased, or purchased by an association licensed by the Kentucky Horse Racing and Gaming Corporation under KRS 230.300;

b. That meets the definition of "track" under KRS 230.210***(37)***~~[(35)]~~(c); and

c. Where pari-mutuel wagering on historical horse races is conducted on terminals approved by the Kentucky Horse Racing and Gaming Corporation.

2. "Racetrack extension" does not include a facility or real property used for training horses or at which live horse races are run for stakes, purses, or prizes under the jurisdiction of the Kentucky Horse Racing and Gaming Corporation.

➔Section 35. KRS 91.202 is amended to read as follows:

(1) Occupational license fees levied under KRS 91.200 by the legislative body of a city of the first class may apply to racetrack extensions.

(2) As used in this section:

(a) "Historical horse race" has the same meaning as in KRS 138.511; and

(b) 1. "Racetrack extension" means any facility:

a. Owned, leased, or purchased by an association licensed by the Kentucky Horse Racing and Gaming Corporation under KRS 230.300;

b. That meets the definition of "track" under KRS 230.210***(37)*** ~~[(35)]~~(c); and

c. Where pari-mutuel wagering on historical horse races is conducted on terminals approved by the Kentucky Horse Racing and Gaming Corporation.

2. "Racetrack extension" does not include a facility or real property used for training horses or at which live horse races are run for stakes, purses, or prizes under the jurisdiction of the Kentucky Horse Racing and Gaming Corporation.

➔Section 36. KRS 92.282 is amended to read as follows:

(1) Occupational license fees levied under KRS 92.281 by the legislative body of a city may apply to racetrack extensions.

(2) As used in this section:

(a) "Historical horse race" has the same meaning as in KRS 138.511; and

(b) 1. "Racetrack extension" means any facility:

a. Owned, leased, or purchased by an association licensed by the Kentucky Horse Racing and Gaming Corporation under KRS 230.300;

b. That meets the definition of "track" under KRS 230.210***(37)*** ~~[(35)]~~(c); and

c. Where pari-mutuel wagering on historical horse races is conducted on terminals approved by the Kentucky Horse Racing and Gaming Corporation.

2. "Racetrack extension" does not include a facility or real property used for training horses or at which live horse races are run for stakes, purses, or prizes under the jurisdiction of the Kentucky Horse Racing and Gaming Corporation.

➔Section 37. KRS 230.218 is amended to read as follows:

(1) There is established, under the jurisdiction of the Kentucky Horse Racing and Gaming Corporation, the backside improvement fund. This revolving fund shall consist of money allocated to the fund under the provisions of KRS 230.3615, together with any other money which may be contributed to or allocated to the fund from all other sources. Money to the credit of the backside improvement fund at the end of each fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year. The Kentucky Horse Racing and Gaming Corporation may invest any and all funds received by the fund and interest earned by the investment of said funds in types of investments appropriate to the investment needs of the fund after having considered the financial return on authorized investment alternatives, the financial safety of investment alternatives and the impact of any authorized investments on the state's economy. The corporation shall review the status of the fund investments quarterly and report its findings to the Finance and Administration Cabinet and the Legislative Research Commission.

(2) The purpose of the fund shall be to improve the backside of Thoroughbred racing associations averaging one million two hundred thousand dollars ($1,200,000) or less pari-mutuel handle per racing day on live racing. The Kentucky Horse Racing and Gaming Corporation shall use the backside improvement fund to promote, enhance, and improve the conditions of the backside of eligible racing associations. Conditions considered shall include but not be limited to the living and working quarters of backside employees.

(3) The Kentucky Horse Racing and Gaming Corporation ***may***~~[shall]~~ promulgate administrative regulations ***in accordance with KRS Chapter 13A***~~[as may be necessary]~~ to carry out the provisions and purposes of this section.

➔Section 38. KRS 230.260 is amended to read as follows:

The corporation shall have all powers necessary and proper to carry out and effectuate the purposes and provisions of this chapter on and after July 1, 2024, and the purposes and provisions of KRS Chapter 238 on and after July 1, 2025, including but not limited to the following:

(1) The corporation is vested with jurisdiction and supervision over all live horse racing, pari-mutuel wagering, sports wagering, breed integrity and development, and on and after July 1, 2025, charitable gaming, except for lottery games authorized under KRS Chapter 154A, in this Commonwealth and over all associations and all persons on association grounds and may eject or exclude therefrom or any part thereof, any person, licensed or unlicensed, whose conduct or reputation is such that the person's presence on association grounds may, in the opinion of the corporation, negatively reflect on the honesty and integrity of horse racing, or on sporting events upon which sports wagers may be placed, or interfere with the orderly conduct of horse racing or racing at horse race meetings, but no persons shall be excluded or ejected from association grounds solely on the ground of race, color, creed, national origin, ancestry, or sex;

(2) The corporation is vested with jurisdiction over any person or entity that offers advance deposit account wagering to Kentucky residents. Any such person or entity under the jurisdiction of the corporation shall be licensed by the corporation, and the corporation may impose a license fee not to exceed ten thousand dollars ($10,000) annually. The corporation ***may***~~[shall]~~, by administrative regulation promulgated in accordance with KRS Chapter 13A, establish conditions and procedures for the licensing of advance deposit account wagering providers to include but not be limited to:

(a) A fee schedule for applications for licensure; and

(b) Reporting requirements to include quarterly reporting on:

1. The amount wagered on Kentucky races; and

2. The total amount wagered by Kentuckians;

(3) The corporation is vested with jurisdiction over any ***totalizator***~~[totalisator]~~ company that provides ***totalizator***~~[totalisator]~~ services to a racing association located in the Commonwealth. A ***totalizator***~~[totalisator]~~ company under the jurisdiction of the corporation shall be licensed by the corporation, regardless of whether a ***totalizator***~~[totalisator]~~ company is located in the Commonwealth or operates from a location or locations outside of the Commonwealth, and the corporation may impose a license fee on a ***totalizator***~~[totalisator]~~ company. The corporation ***may***~~[shall]~~, by administrative regulation promulgated in accordance with KRS Chapter 13A, establish conditions and procedures for the licensing of ***totalizator***~~[totalisator]~~ companies, and a fee schedule for applications for licensure;

(4) The corporation is vested with jurisdiction over any manufacturer, wholesaler, distributor, or vendor of any equine drug, medication, therapeutic substance, or metabolic derivative which is purchased by or delivered to a licensee or other person participating in Kentucky horse racing by means of the internet, mail delivery, in-person delivery, or other means;

(5) The corporation is vested with jurisdiction over any horse training center or facility in the Commonwealth that records official timed workouts for publication;

(6) The corporation may require an applicant for a license under subsection (2) or (3) of this section to submit to a background check of the applicant, or of any individual or organization associated with the applicant. An applicant shall be required to reimburse the corporation for the cost of any background check conducted;

(7) The corporation, its representatives and employees, may visit, investigate, and have free access to the office, track, facilities, or other places of business of any licensee, or any person owning a horse or performing services regulated by this chapter on a horse registered to participate in a breeders incentive fund under the jurisdiction of the corporation;

(8) The corporation ***may***~~[shall have full authority to]~~ prescribe necessary and reasonable administrative regulations and conditions under which horse racing at a horse race meeting shall be conducted in this state and to fix and regulate the minimum amount of purses, stakes, or awards to be offered for the conduct of any horse race meeting;

(9) Applications for licenses ***may*** ~~[shall]~~ be made in the form and manner and contain information as required by the corporation through the promulgation of administrative regulations. Fees for all licenses issued under KRS 230.310 shall be prescribed by and paid to the corporation;

(10) The corporation ***may*** ~~[shall]~~ establish by administrative regulation minimum fees for jockeys to be effective in the absence of a contract between an employing owner or trainer and a jockey. The minimum fees shall be no less than those of July 1, 1985;

(11) The corporation may refuse to issue or renew a license, revoke or suspend a license, impose probationary conditions on a license, issue a written reprimand or admonishment, impose fines or penalties, deny purse money, require the forfeiture of purse money, or any combination thereof with regard to a licensee or other person participating in Kentucky horse racing for violation of any federal or state statute, regulation, or steward's or corporation's directive, ruling, or order to preserve the integrity of Kentucky horse racing or to protect the racing public. The corporation ***may*** ~~[shall]~~, by administrative regulation, establish the criteria for taking the actions described in this subsection;

(12) The corporation may issue subpoenas for the attendance of witnesses before it and for the production of documents, records, papers, books, supplies, devices, equipment, and all other instrumentalities related to live horse racing, pari-mutuel wagering, sports wagering, breed integrity and development, and on and after July 1, 2025, charitable gaming, within the Commonwealth. The corporation may administer oaths to witnesses and require witnesses to testify under oath whenever, in the judgment of the corporation, it is necessary to do so for the effectual discharge of its duties;

(13) The corporation shall have authority to compel any racing association licensed under this chapter to file with the corporation at the end of its fiscal year, a balance sheet, showing assets and liabilities, and an earnings statement, together with a list of its stockholders or other persons holding a beneficial interest in the association;

(14) The corporation ***may*** ~~[shall]~~ promulgate administrative regulations establishing safety standards for jockeys, which shall include the use of rib protection equipment. Rib protection equipment shall not be included in a jockey's weight;

(15) (a) The corporation ***may*** ~~[shall]~~ promulgate administrative regulations establishing a self-exclusion list for individuals who self-identify as being problem or compulsive gamblers.

(b) Self-exclusion information collected by each racing association shall be forwarded to the corporation, and the information from the racing associations shall be compiled into a comprehensive list that shall be provided to all racing associations.

(c) Pursuant to KRS 61.878(1)(a), information collected under this subsection shall be excluded from the application of KRS 61.870 to 61.884;

(16) (a) The corporation ***may*** ~~[shall]~~ promulgate administrative regulations to establish standards for the conduct of sports wagering, including standards for receiving and paying out wagers, offering sports wagering through a website or mobile application, maintaining and auditing books and financial records, securely maintaining records of bets and wagers, integrity requirements for sports wagering and related data, suitability requirements for providers of associated equipment, geofence standards for wager placement, designated areas for sports wagering, surveillance and monitoring systems, and other reasonable technical criteria related to conducting sports wagering.

(b) The corporation ***may*** ~~[shall]~~ promulgate administrative regulations related to age requirements for placing sports wagers, availability of information related to sports wagers, and licensing requirements, including temporary authorizations, for service providers, vendors, and suppliers; and

(17) (a) On and after July 1, 2025, the corporation is vested with jurisdiction and supervision over all charitable gaming and ***may*** ~~[shall]~~ promulgate administrative regulations to establish standards for the conduct of charitable gaming consistent with the guidelines established in this chapter and KRS Chapter 238. The corporation may eject or exclude therefrom or any part thereof, any person, licensed or unlicensed, whose conduct or reputation is such that the person's presence at a charitable gaming facility may, in the opinion of the corporation, negatively reflect on the honesty and integrity of charitable gaming, or interfere with the orderly conduct of charitable gaming at a charitable gaming facility, but no persons shall be excluded or ejected from a charitable gaming facility solely on the ground of race, color, creed, national origin, ancestry, or sex.

(b) The administrative regulations of the Kentucky Horse Racing Commission that are in effect on July 1, 2024, shall remain in effect as the initial administrative regulations of the corporation until the corporation amends or repeals the administrative regulations pursuant to KRS Chapter 13A, except as provided by KRS 13A.3102, 13A.3104, and 13A.330.

(c) The administrative regulations of the Department of Charitable Gaming that are in effect on July 1, 2025, shall remain in effect as the initial administrative regulations of the corporation until the corporation amends or repeals the administrative regulations pursuant to KRS Chapter 13A, except as provided by KRS 13A.3102, 13A.3104, and 13A.330.

➔Section 39. KRS 230.300 is amended to read as follows:

(1) Any person desiring to conduct horse racing at a horse race meeting within the Commonwealth of Kentucky or to engage in simulcasting and intertrack wagering as a receiving track during any calendar year shall first apply to the corporation for a license to do so. The application shall be filed at the corporation's general office on or before October 1 of the preceding year with respect to applications to conduct live horse race meetings, and with respect to intertrack wagering dates, and on forms prescribed by the corporation. The application shall include the following information:

(a) The full name and address of the person making application;

(b) The location of the place, track, or enclosure where the applicant proposes to conduct horse racing meetings;

(c) The dates on which the applicant intends to conduct horse racing, which shall be successive days unless authorized by the corporation;

(d) The proposed hours of each racing day and the number of races to be conducted;

(e) The names and addresses of all principals associated with the applicant or licensee;

(f) The type of organizational structure under which the applicant operates, i.e., partnership, trust, association, limited liability company, or corporation, and the address of the principal place of business of the organization;

(g) Any criminal activities in any jurisdiction for which any individual listed under paragraphs (a) and (e) has been arrested or indicted and the disposition of the charges, and any current or on-going criminal investigation of which any of these individuals is the subject; and

(h) Any other information that the corporation by administrative regulation deems relevant and necessary to determine the fitness of the applicant to receive a license, including fingerprints of any individual listed under paragraphs (a) and (e), if necessary for proper identification of the individual or a determination of suitability to be associated with a licensed racing association.

(2) An application for association license shall be accompanied by the following documents:

(a) For a new license applicant, a financial statement prepared and attested to by a certified public accountant in accordance with generally accepted accounting principles, showing the following:

1. The net worth of the applicant;

2. Any debts or financial obligations owed by the applicant and the persons to whom owed; and

3. The proposed or current financing structure for the operation and the sources of financing.

(b) For a license renewal applicant, an audited financial statement for the prior year;

(c) A copy of the applicant's federal and state tax return for the previous year. Tax returns submitted in accordance with this provision shall be treated as confidential;

(d) A statement from the Department of Revenue that there are no delinquent taxes or other financial obligations owed by the applicant to the state or any of its agencies or departments;

(e) A statement from the county treasurer of the county in which the applicant conducts or proposes to conduct horse racing meetings that there are no delinquent real or personal property taxes owed by the applicant.

(3) The completed application shall be signed by the applicant or the chief executive officer if the applicant is an organization, sworn under oath that the information is true, accurate, and complete, and the application shall be notarized.

(4) If there is any change in any information submitted in the application process, the applicant or licensee shall notify the corporation within thirty (30) days of the change.

(5) The corporation shall as soon as practicable, but in no event later than November 1 in any calendar year, award dates for racing in the Commonwealth during the next year. In awarding dates, the corporation shall consider and seek to preserve each track's usual and customary dates, as these dates are requested. If dates other than the usual and customary dates are requested, the applicant shall include a statement in its application setting forth the reasons the requested dates are sought. Dates for the conduct of intertrack wagering shall be awarded as provided in KRS 230.377. In the event scheduled racing is canceled by reason of flood, fire, inclement weather, or other natural disaster or emergency, the corporation may award after November 1 additional racing dates to make up for those dates canceled.

(6) The corporation may issue a license to conduct a horse race meeting to any association making the aforesaid application if the applicant meets the requirements established in KRS 138.530 and other applicable provisions of this chapter, and if the corporation finds that the proposed conduct of racing by the association would be in the best interest of the public health, safety, and welfare of the immediate community as well as to the Commonwealth.

(7) As a condition precedent to the issuance of a license, the corporation may require a surety bond or other surety conditioned upon the payment of all taxes due the Commonwealth, together with the payment of operating expenses including purses and awards to owners of horses participating in races.

(8) The corporation may impose a fee and ***may*** ~~[shall]~~ establish, by administrative regulation promulgated in accordance with KRS Chapter 13A, a fee schedule for association license applications.

(9) The corporation may require an applicant for an association license to submit to a background check of the applicant, or of any principal, individual, or organization associated with the applicant. The corporation shall not require a background check for any individual who is a principal as defined in KRS 230.210 but owns stock or financial interest in the applicant of less than ten percent (10%). An applicant shall be required to reimburse the corporation for the cost of any background check conducted.

(10) Every license issued under this chapter shall specify among other things the name of the person to whom issued, the address and location of the track where the horse race meeting to which it relates is to be held or conducted, and the days and hours of the day when the meeting will be permitted; provided, however, that no track that is granted overlapping dates for the conduct of a live race meeting with another horse racing track within a fifty (50) mile radius shall be permitted to have a post time after 5:30 p.m., prevailing time for overlapping days between July 1 and September 15, unless agreed to in writing by the tracks affected.

(11) A license issued under this section is neither transferable nor assignable and shall not permit the conduct of a horse race meeting at any track not specified therein. However, if the track specified becomes unsuitable for racing because of flood, fire, or other catastrophe, the corporation may, upon application, authorize the meeting, or any remaining portion thereof, to be conducted at any other suitable track available for that purpose, provided that the owner of the track willingly consents to the use thereof.

(12) Horse racing dates may be awarded and licenses issued authorizing horse racing on any day of the year. Horse racing shall be held or conducted only between sunrise and midnight.

(13) The corporation may at any time require the removal of any official or employee of any association in those instances where it has reason to believe that the official or employee has been guilty of any dishonest practice in connection with horse racing or has failed to comply with any condition of his or her license or has violated any law or any administrative regulation of the corporation.

(14) Every horse race not licensed under this section is hereby declared to be a public nuisance and the corporation may obtain an injunction against the same in the Circuit Court of the county where the unlicensed race is proposed to take place.

➔Section 40. KRS 230.310 (Effective July 1, 2025) is amended to read as follows:

(1) (a) Every person not required to be licensed under KRS 230.300 who desires to participate in horse racing in the Commonwealth as a horse owner, trainer, jockey, apprentice jockey, agent, stable employee, racing official, association employee, or employee of a person or concern contracting with the

association to provide a service or commodity and which requires their presence on association grounds during a race meeting, or veterinarian, farrier, horse dentist, or supplier of food, tack, medication, or horse feed, or in any other capacity as the corporation ***may***~~[shall]~~ establish by administrative regulation, shall first apply to the corporation for a license to participate in the activity on association grounds during a race meeting. No person required to be licensed by this section may participate in any activity required to be licensed on association grounds during a race meeting without a valid license therefor.

(b) An applicant for a license shall submit to the corporation fingerprints as may be required and other information necessary and reasonable for processing a license application. The corporation is authorized to exchange fingerprint data with the Department of Kentucky State Police and the Federal Bureau of Investigation in order to conduct a criminal history background check of an applicant.

(c) The corporation may issue a license if it finds that the financial responsibility, age, experience, reputation, competence, and general fitness of the applicant to perform the activity permitted by a license are consistent with the best interest of racing and the maintenance of the honesty, integrity, and high quality thereof.

(2) (a) Every person who desires to participate in sports wagering in the Commonwealth working in a licensed facility for sports wagering, directly supervising individuals who have the capability of affecting the outcome of sports wagering, or having the capability to affect the outcome of sports wagering through deployment of code to production for any critical component of a sports wagering system or the capability to deploy code to production shall first apply to the corporation for a valid occupational license to participate in that activity.

(b) An applicant for an occupational license shall submit to the corporation fingerprints as may be required and other information necessary and reasonable for processing a license application. The corporation is authorized to exchange fingerprint data with the Department of Kentucky State Police and the Federal Bureau of Investigation in order to conduct a criminal history background check of an applicant.

(c) The corporation may issue a license if it finds that the financial responsibility, age, experience, reputation, competence, and general fitness of the applicant to perform the activity permitted by a license are consistent with the best interest of sports wagering in the Commonwealth, and the maintenance of the honesty, integrity, and high quality thereof.

(3) Every person who desires to be licensed to participate in charitable gaming shall first meet the standards of this chapter and the standards established in KRS Chapter 238.

(4) A license may be issued for the calendar year for which an applicant applies or, if authorized by administrative regulation ***of the corporation***, a license may be issued that expires on the last day of the birth month of the licensee. A license may be renewed by the corporation. The license shall be valid at all horse race meetings in the Commonwealth during the period for which it is issued unless suspended or revoked under the administrative regulations promulgated by the corporation under this chapter. The occupational license to participate in sports wagering may be suspended or revoked pursuant to administrative regulations promulgated by the corporation under this chapter. With respect to horse owners and trainers, the corporation may promulgate administrative regulations to facilitate and promote uniform, reciprocal licensing with other states.

➔Section 41. KRS 230.320 is amended to read as follows:

(1) Every license granted under this chapter is subject to denial, revocation, or suspension, and every licensee or other person participating in Kentucky horse racing may be assessed an administrative fine and required to forfeit or return a purse, by the corporation in any case where it has reason to believe that any provision of this chapter, administrative regulation, or condition of the corporation affecting it has not been complied with or has been broken or violated. The corporation may deny, revoke, or suspend a license for failure by the licensee or other person participating in Kentucky horse racing to pay an administrative fine imposed upon the licensee by the stewards or the corporation. The corporation, in the interest of honesty and integrity of horse racing, may promulgate administrative regulations under which any license may be denied, suspended, or revoked, and under which any licensee or other person participating in Kentucky horse racing may be assessed an administrative fine or required to forfeit or return a purse.

(2) (a) Following a hearing by the stewards, a person who has been disciplined by a ruling of the stewards may apply to the corporation for a stay of the ruling, pending action on an appeal by the corporation.

(b) An application for a stay shall be received by the president or his or her designee within ten (10) calendar days of the issuance of the stewards' ruling.

(c) An application for a stay shall be in writing and include the following:

1. The name, address, telephone number, and signature of the person requesting the stay;

2. A statement of the justification for the stay; and

3. The period of time for which the stay is requested.

(d) On a finding of good cause, the president or his or her designee may grant the stay. The president or his or her designee shall issue a written decision granting or denying the request for stay within five (5) calendar days from the time the application for stay is received by the president or his or her designee. If the president or his or her designee fails to timely issue a written decision, then the stay is deemed granted. The president or his or her designee may rescind a stay granted under this subsection for good cause.

(e) A person who is denied a stay by the president or his or her designee, or has a previously granted stay rescinded under paragraph (d) of this subsection, may petition the corporation to overrule the president's or designee's denial or rescission of the stay. The petition shall be filed in writing with the chairperson of the board of directors of the corporation and received by the chairperson within ten (10) calendar days of the mailing of the president's or designee's denial of the stay. The petition shall state the name, address, phone number, and signature of the petitioner; a statement of justification of the stay; and the time period for which the stay is requested. The chairperson shall convene a special meeting of the board of directors of the corporation within ten (10) calendar days of receipt of the petition, and the corporation shall issue a written final order granting or denying the petition within two (2) calendar days of the special meeting. If the corporation fails to timely issue a final order on the petition, then the stay is granted. The corporation may rescind a stay granted under this subsection for good cause.

(f) A person who is denied or has a previously granted stay rescinded by the corporation may file an appeal of the final written order of the corporation in the Circuit Court of the county in which the cause of action arose.

(g) The fact that a stay is granted is not a presumption that the ruling by the stewards is invalid.

(3) If any license is denied, suspended, or revoked, or if any licensee or other person participating in Kentucky horse racing is assessed an administrative fine or required to forfeit or return a purse, after a hearing by the stewards or by the corporation acting on a complaint or by its own volition, the corporation shall grant the applicant, licensee, or other person the right to appeal the decision, and upon appeal, an administrative hearing shall be conducted in accordance with KRS Chapter 13B.

(4) The corporation may at any time order that any case pending before the stewards be immediately transferred to the corporation for an administrative hearing conducted in accordance with KRS Chapter 13B.

(5) (a) In an administrative appeal to the corporation by a licensee or other person participating in Kentucky horse racing, the corporation may determine in its final order that the appeal is frivolous. If the corporation finds that an appeal is frivolous:

1. This fact shall be considered an aggravating circumstance and may be considered in assessing any penalty against the licensee; and

2. The licensee or other person who raised the appeal may be required to reimburse the corporation for the cost of the investigation of the underlying circumstances of the case and the cost of the adjudication of the appeal. Costs may include but are not limited to fees paid to a hearing officer or court reporter, attorneys fees, and laboratory expenses.

(b) The corporation ***may*** ~~[shall]~~ by administrative regulation prescribe the conditions or factors by which an appeal may be determined to be frivolous.

(6) Any administrative action authorized in this chapter shall be in addition to any criminal penalties provided in this chapter or under other provisions of law.

➔Section 42. KRS 230.361 is amended to read as follows:

(1) (a) The corporation ***may*** ~~[shall]~~ promulgate administrative regulations governing and regulating mutuel wagering on horse races under what is known as the pari-mutuel system of wagering.

(b) The wagering shall be conducted only by a person licensed under this chapter to conduct a race meeting and only upon the licensed premises, and provided further that only pari-mutuel wagering on simulcasting shall be allowed at simulcast facilities.

(c) The pari-mutuel system of wagering shall be operated only by a totalizator or other mechanical equipment approved by the corporation. The corporation shall not require any particular make of equipment.

(2) The corporation ***may***~~[shall]~~ promulgate administrative regulations governing and regulating sports wagering, including administrative regulations for the deposit of funds by credit or debit cards or other means of electronic funds transfer. The corporation ***may***~~[shall]~~ promulgate administrative regulations to establish a fully functioning sports wagering system within six (6) months after June 29, 2023.

(3) The operation of a pari-mutuel system for betting, or the conduct of sports wagering, where authorized by law shall not constitute grounds for the revocation or suspension of any license issued and held under KRS 242.1238 and 243.265.

(4) ***Notwithstanding any law to the contrary:***

(a) The corporation may promulgate administrative regulations governing all reported but unclaimed pari-mutuel winning tickets ***and unredeemed pari-mutuel vouchers*** held in this state by any person or association operating a pari-mutuel or similar system of betting ***authorized under this chapter; and***

(b) The unclaimed pari-mutuel winning tickets and unredeemed pari-mutuel vouchers~~[at horse race meetings]~~ shall be presumed abandoned if not claimed by the person entitled to them within one (1) year from the time the ticket ***was issued***~~[became payable]~~.

(5) The corporation may issue a license to conduct pari-mutuel wagering on steeple chases or other racing over jumps; if all proceeds from the wagering, after expenses are deducted, is used for charitable purposes. If the dates requested for such a license have been granted to a track within a forty (40) mile radius of the race site, the corporation shall not issue a license until it has received written approval from the affected track. Pari-mutuel wagering licensed and approved under this subsection shall be limited to four (4) days per year. All racing and wagering authorized by this subsection shall be conducted in accordance with applicable administrative regulations promulgated by the corporation.

➔Section 43. KRS 230.374 is amended to read as follows:

All sums reported and paid to the corporation under the provisions of KRS 230.361 to 230.373, with the exception of funds paid under ***Section 10 of this Act and*** KRS 230.398, shall be paid by the corporation to the Kentucky Racing Health and Welfare Fund, Inc., a nonprofit charitable corporation, organized for the benefit, aid, assistance, and relief of Thoroughbred owners, trainers, jockeys, valets, exercise riders, grooms, stable attendants, pari-mutuel clerks, and other Thoroughbred racing personnel employed in connection with racing, and their spouses and children, who can demonstrate their need for financial assistance connected with death, illness, or off-the-job injury and are not otherwise covered by union health and welfare plans, workers' compensation, Social Security, public welfare, or any type of health, medical, death, or accident insurance. These sums shall be paid on or before December 31 in each year, however, no payments shall be made by the corporation to the Kentucky Racing Health and Welfare Fund, Inc., unless the corporation and the Auditor of Public Accounts are satisfied that the fund is in all respects being operated for the charitable and benevolent purposes as set forth in this section and that no part of the funds paid to the fund by the corporation or any net earnings of the fund inure to the benefit of any private individual, director, officer, or member of the fund or any of the persons who turned over sums to the corporation representing unclaimed pari-mutuel tickets.

➔Section 44. KRS 230.779 is amended to read as follows:

(1) Notwithstanding KRS 230.361(1), a licensee may operate the hub either independently or in association with one (1) or more racetracks licensed by the corporation to run live races and conduct pari-mutuel wagering in Kentucky. Hub operations may be physically located on property other than that operated by a racetrack and may accept wagers at that location and shall comply with the Interstate Horseracing Act, 15 U.S.C. secs. 3001 to 3007.

(2) As a part of the application for licensure as a hub, an applicant shall submit a detailed plan of operations in a format and containing any information as required by the corporation. The application shall be accompanied by an application fee to cover incremental costs to the corporation, in an amount the corporation determines to be appropriate. At a minimum, the operating plan shall address the following:

(a) The manner in which the proposed wagering system will operate, including its proposed operating schedule;

(b) The requirements for a qualified subscriber-based service set out in KRS 230.775; and

(c) The requirements for accounts established and operated for persons whose principal residence is outside of the Commonwealth of Kentucky.

(3) The corporation may require changes in a proposed plan of operations as a condition of licensure. Subsequent material changes in the system's operation shall not occur unless approved by the corporation.

(4) The corporation may conduct investigations or inspections or request additional information from any applicant as it deems appropriate in determining whether to approve the license application.

(5) An applicant licensed under this section may enter into any agreements that are necessary to promote, advertise, and further the sport of horse racing, or for the effective operation of hub operations, including, without limitation, interstate account wagering, television production, and telecommunications services.

(6) The corporation ***may*** ~~[shall]~~ promulgate administrative regulations to effectuate the provisions of KRS 230.775 to 230.785. The administrative regulations shall include but not be limited to criteria for licensing, the application process, the format for the plan of operations, requisite fees, procedures for notifying the corporation of substantive changes, contents of agreements entered into under subsection (5) of this section, procedures for accounting for wagers made, and other matters reasonably necessary to implement KRS 230.775 to 230.785.

(7) The corporation may require the hub to make the following payments to the corporation:

(a) A license fee not to exceed two hundred dollars ($200) per operating day; and

(b) A fee of not more than one percent (1%) of the hub's total gross wagering receipts.

(8) A hub's records and financial information shall not be subject to the provisions of KRS 61.870 to 61.884.

(9) The Auditor of Public Accounts may review and audit all records and financial information of the hub, including all account information. The Auditor shall prepare a report of the review and audit which shall not contain any proprietary information regarding the hub. A copy of the report shall be sent to the Legislative Research Commission for referral to the appropriate committee.

➔Section 45. KRS 230.805 is amended to read as follows:

(1) The corporation shall institute a system of sports wagering in conformance with federal law, this chapter, and by administrative regulations promulgated under the authority of KRS 230.215.

(2) Sports wagering shall not be offered in this state except as authorized by this section and KRS 230.811. A track that holds a license to operate sports wagering may contract with sports wagering service providers to conduct or manage sports wagering operations as authorized by this chapter. Sports wagering may be provided at a licensed facility for sports wagering or online through a website or mobile application. The licensed facility for sports wagering or a sports wagering service provider may provide sports wagering through a website or mobile interface as approved by the corporation. The corporation may provide temporary licenses to licensed facilities for sports wagering or sports wagering service providers, if the corporation deems that the information submitted by them is sufficient to determine the applicant's suitability. The corporation ***may*** ~~[shall]~~ promulgate administrative regulations to establish the suitability for temporary and ordinary license applications for licensed facilities for sports wagering, sports wagering service providers, and any related parties.

(3) Sports wagering licensees and service providers that accept wagers online via websites and mobile applications shall impose the following requirements:

(a) Prior to placing a wager online via websites or mobile applications operated by either a sports wagering licensee or a service provider, a patron shall register the patron's sports wagering account with the operating sports wagering licensee or service provider either in person at a licensed facility for sports wagering or remotely through the service provider's website or mobile application;

(b) 1. The registration process shall include attestation that the patron meets the requirements to place a wager with a sports wagering licensee or service provider in this state.

2. Prior to verification of a patron's identity, a sports wagering licensee or service provider shall not allow the patron to engage in sports wagering, make a deposit, or process a withdrawal via the patron's sports wagering account.

3. A sports wagering licensee or service provider shall implement commercially and technologically reasonable procedures to prevent access to sports wagering by any person under the age of eighteen (18):

a. At a licensed facility; and

b. Online via website or mobile application.

4. A sports wagering licensee or service provider may use information obtained from third parties to verify that a person is authorized to open an account, place wagers, and make deposits and withdrawals;

(c) A sports wagering licensee or service provider shall adopt an account registration policy to ensure that all patrons are authorized to place a wager with a sports wagering licensee or service provider within the Commonwealth of Kentucky. This policy shall include, without limitation, a mechanism by which to:

1. Verify the name and age of the patron;

2. Verify that the patron is not prohibited from placing a wager; and

3. Obtain the following information:

a. A physical address other than a post office box;

b. A phone number;

c. A unique user name; and

d. An e-mail account;

(d) A sports wagering licensee or service provider shall use all commercially and technologically reasonable means to ensure that each patron is limited to one (1) account with that service provider in the Commonwealth, but nothing in this paragraph restricts a patron from holding other sports wagering accounts in other jurisdictions;

(e) A sports wagering licensee or service provider, in addition to complying with state and federal law pertaining to the protection of the private, personal information of patrons, shall use all other commercially and technologically reasonable means to protect this information consistent with industry standards;

(f) A sports wagering licensee or service provider shall use all commercially and technologically reasonable means to verify the identity of the patron making a deposit or withdrawal;

(g) A sports wagering licensee or service provider shall utilize geolocation or geofencing technology to ensure that wagers are only accepted from patrons who are physically located in the Commonwealth. A sports wagering licensee or service provider shall maintain in this state its servers used to transmit information for purposes of accepting or paying out wagers on a sporting event placed by patrons in this state;

(h) A patron may fund the patron's account using any acceptable form of payment or advance deposit method, which shall include the use of cash, cash equivalents, credit cards, debit cards, automated clearing house, other electronic methods, and any other form of payment authorized by the corporation; and

(i) The corporation may enter into agreements with other jurisdictions or entities to facilitate, administer, and regulate multijurisdictional sports betting by sports betting operators to the extent that entering into the agreement is consistent with state and federal laws and the sports betting agreement is conducted only in the United States.

(4) A track may contract with no more than three (3) service providers at a time to conduct and manage services and technology which support the operation of sports betting both on the track and online via websites and mobile applications. The website or mobile application used to offer sports betting shall be offered only under the same brand as the track or that of the service provider contracted with the track, or both.

(5) A track or service provider through an agreement with a licensed track shall not offer sports wagering until the corporation has issued a sports wagering license to the track, except for temporary licenses authorized under KRS 230.814.

(6) (a) A track licensed under KRS 230.811 may offer sports wagering at a facility that meets the definition of "track" in KRS 230.210.

(b) A simulcast facility may offer sports wagering through an agreement with a track by using any of that track's already established service providers.

➔Section 46. KRS 238.536 (Effective July 1, 2025) is amended to read as follows:

(1) The net receipts from charitable gaming retained by a charitable organization for the previous calendar year, provided the charitable organization was licensed at the start of the calendar year, shall be equal to or greater than forty percent (40%) of the adjusted gross receipts of the charitable organization for the same period. A licensed charitable organization shall expend net receipts exclusively for purposes consistent with the charitable, religious, educational, literary, civic, fraternal, or patriotic functions or objectives for which the licensed charitable organization received and maintains federal tax-exempt status, or consistent with its status as ***a local school district,*** a common school, an institution of higher education, or a state college or university. No net receipts shall inure to the benefits or financial gain of an individual. Any charitable organization which permits its license to expire or otherwise lapse shall still be subject to the retention requirement. The following fees and taxes shall be excluded from the calculation of the percentage retained, retroactive to calculations made for calendar year 1999:

(a) All fees paid to the office during the calendar year;

(b) Any sales or use taxes levied under KRS Chapter 139 on charitable gaming supplies and equipment that are paid by a licensed charitable organization during the calendar year; and

(c) Any federal excise taxes levied under 26 U.S.C. secs. 4401 and 4411 and paid by a licensed charitable organization during the calendar year.

(2) The following actions shall be imposed on a licensed charitable organization that fails to retain the requisite percentage of adjusted gross receipts required in subsection (1) of this section. The calculation of percentages shall be rounded to the nearest tenth of a percent:

(a) If the percentage retained is between thirty-five percent (35%) and thirty-nine and nine-tenths percent (39.9%), the licensee shall be placed on probation for a period of six (6) months and shall be required to submit to the office an acceptable financial plan detailing corrective actions to be taken by the licensee to achieve the forty percent (40%) threshold by the end of the calendar year in which the probation is imposed;

(b) If the percentage retained is between thirty percent (30%) and thirty-four and nine-tenths percent (34.9%), the licensee shall be placed on probation for a period of one (1) year and shall be required to submit to the office a financial plan as described in paragraph (a) of this subsection. The office shall conduct a six (6) month review of the charitable gaming activities of a licensee placed on probation pursuant to this subsection to evaluate the licensee's compliance with its financial plan;

(c) If the percentage retained falls between twenty-nine and nine-tenths percent (29.9%) and twenty-five percent (25%), the licensee shall be placed on probation for a period of one (1) year, shall submit to the office an acceptable financial plan as described in paragraph (a) of this subsection, and shall participate in a mandatory training program designed by the office. The office shall conduct a quarterly review of the licensee's activities to evaluate the licensee's compliance with its financial plan and its progress toward achievement of the forty percent (40%) threshold during the probationary period;

(d) If the percentage falls below twenty-five percent (25%) or if the licensee fails to attain the forty percent (40%) threshold for a second consecutive calendar year, the licensee shall have its license suspended for a period of one (1) year; and

(e) For purposes of paragraphs (a), (b), (c), and (d) of this subsection, periods of probation and suspension shall commence, unless appealed, from the date the office notifies the licensee of its failure to satisfy the retention requirement for the previous calendar year. If a probation or suspension is appealed, the action shall commence on the date final adjudication of the matter is complete.

(3) Any licensee that has had its license suspended under the provisions of subsection (2)(d) of this section shall be required to submit to the office an acceptable financial plan as described in subsection (2)(a) of this section,

upon applying for reinstatement of its license. As a condition of reinstatement, the licensee shall be on probation for a period of one (1) year and shall be subject to quarterly review by the office in accordance with subsection (2)(c) of this section.

➔Section 47. KRS 238.550 (Effective July 1, 2025) is amended to read as follows:

(1) All adjusted gross receipts from charitable gaming shall be handled only by chairpersons, officers, or employees of the licensed charitable organization.

(2) Except as authorized by subsection (11) of this section, within ***five (5)***~~[two (2)]~~ business days after the completion of a charitable gaming event or session, all gross receipts and adjusted gross receipts shall be deposited into one checking account devoted exclusively to charitable gaming. This checking account shall be designated the "charitable gaming account," and the licensed charitable organization shall maintain its account at a financial institution located in the Commonwealth of Kentucky. No other funds may be deposited or transferred into the charitable gaming account.

(3) All payments for charitable gaming expenses, payments made for prizes purchased, and any charitable donations from charitable gaming receipts shall be made from the charitable gaming account and the payments or donations shall be made only by bona fide officers of the organization by checks having preprinted consecutive numbers and made payable to specific persons or organizations. No check drawn on the charitable gaming account may be made payable to "cash," or "bearer," except that a licensed charitable organization may withdraw start-up funds for a charitable gaming event or session from the charitable gaming account by check made payable to "cash" or "bearer," if these start-up funds are redeposited into the charitable gaming account together with all adjusted gross receipts derived from the particular event or session. Checks shall be imprinted with the words "charitable gaming account" and shall contain the organization's license number on the face of each check. Payments for charitable gaming expenses, prizes purchased, and charitable donations may be made by electronic funds transfer if the payments are made to specific persons or organizations. The corporation may by administrative regulation adopt alternative reporting requirements for charitable gaming of limited scope or duration, if these requirements are sufficient to ensure accountability for all moneys handled.

(4) A licensed charitable organization shall expend net receipts exclusively for purposes consistent with the charitable, religious, educational, literary, civic, fraternal, or patriotic functions or objectives for which the licensed charitable organization received and maintains federal tax-exempt status, or consistent with its status as ***a local school district,*** a common school, an institution of higher education, or a state college or university. No net receipts shall inure to the private benefit or financial gain of any individual.

(5) Accurate records and books shall be maintained by each organization exempt from licensure under KRS 238.535(1) and each licensed charitable organization for a period of three (3) years. Office staff shall have access to these records at reasonable times. Licensed charitable organizations and exempt organizations shall maintain their charitable gaming records at their offices or places of business within the Commonwealth of Kentucky as identified in their license applications or applications for exempt status. An exempt organization shall submit a yearly financial report in accordance with KRS 238.535(2), and failure to file this report shall constitute grounds for revocation of the organization's exempt status.

(6) All licensed charitable organizations that have annual gross receipts of two hundred thousand dollars ($200,000) or less and do not have a weekly bingo session shall report to the office annually at the time and on a form established in administrative regulations promulgated by the corporation.

(7) All other licensed charitable organizations shall submit reports to the office at least quarterly at the time and on a form established in administrative regulations promulgated by the corporation.

(8) Failure by a licensed charitable organization to file reports required under this chapter shall constitute grounds for revocation of the organization's license or denial of the organization's application to renew its license in accordance with KRS 238.560(3). Reports filed by a licensed charitable organization shall include but shall not be limited to the following information:

(a) All gross receipts received from charitable gaming for the reporting period, classified by type of gaming activity;

(b) The names and addresses of all persons who are winners of prizes having a fair market value of six hundred dollars ($600) or more;

(c) All expenses paid and the names and addresses of all persons to whom expenses were paid;

(d) All net receipts retained and the names and addresses of all charitable endeavors that received money from the net receipts; and

(e) Any other information the office deems appropriate.

(9) No licensed charitable organization shall incur charitable gaming expenses, except as provided in this chapter. No licensed charitable organization shall be permitted to expend amounts in excess of prevailing market rates for the following charitable gaming expenses:

(a) Charitable gaming supplies and equipment;

(b) Rent;

(c) Utilities;

(d) Insurance;

(e) Advertising;

(f) Janitorial services;

(g) Bookkeeping and accounting services;

(h) Security services;

(i) Membership dues for its participation in any charitable gaming trade organization; and

(j) Any other expenses the corporation may determine by administrative regulation to be legitimate.

(10) No licensed charitable organization shall expend receipts from charitable gaming activities nor incur expenses to form, maintain, or operate as a labor organization.

(11) For the purposes of deposits under subsection (2) of this section, a licensed charitable organization conducting charitable gaming events or sessions shall only be required to deposit its gross receipts and adjusted gross receipts one (1) time per week if the following conditions are met:

(a) The charitable gaming involves only games using charity game tickets;

(b) The charitable gaming is not part of a charity fundraising event; and

(c) The licensed charitable organization's deposits of gross receipts and adjusted gross receipts from charitable gaming total less than two thousand five hundred dollars ($2,500) in the week prior to the deposit.

➔Section 48. KRS 238.560 (Effective July 1, 2025) is amended to read as follows:

(1) The office may investigate allegations of wrongdoing upon complaint or upon its own volition. The corporation by administrative regulation ***may*** ~~[shall]~~ establish procedures for receiving and investigating complaints in an expeditious manner.

(2) In carrying out its enforcement responsibilities, the office may:

(a) Inspect and examine all premises in which or on which charitable gaming is conducted or charitable gaming supplies or equipment are manufactured or distributed;

(b) Seize and remove from premises and impound charitable gaming supplies and equipment for the purposes of examination and inspection pursuant to an appropriate court order;

(c) Demand access to, inspect, and audit books and records of licensees for the purpose of determining compliance with laws and ***the corporation's*** administrative regulations relative to charitable gaming; and

(d) Conduct in-depth audits and investigations, when warranted.

(3) (a) As used in this subsection, "willful" means that the conduct constituting the violation was committed with intent, not accidentally or inadvertently.

(b) The office may take appropriate administrative action against any person licensed under this chapter for any violation of the provisions of this chapter or administrative regulations promulgated thereunder subject to the conditions established by this subsection.

(c) The office may deny a license, suspend or revoke a license, issue a cease and desist order, place a license holder on probation, issue a letter of reprimand or letter of warning, and levy a fine. An administrative fine shall not exceed one thousand dollars ($1,000) for each offense. The office may deny the issuance of a license or a license renewal if the applicant or licensee has failed to pay a fine levied by the office. The corporation ***may***~~[shall]~~ by administrative regulation classify types of offenses and the recommended administrative action. The type of action to be taken shall be based on the history of previous violations and the nature, severity, and frequency of the offense. Administrative action authorized in this section shall be in addition to any criminal penalties provided in this chapter or under other provisions of law.

(d) 1. Notwithstanding any other provisions of this section, the office shall review, within two (2) months of receipt, timely filed organization quarterly reports that include payment of the fee due as reflected on the organization quarterly report. If the office discovers reporting errors that are not willful, the office shall, prior to taking any other administrative action, issue a letter of warning to the licensee and allow the licensee thirty (30) days from the issuance of the letter to correct the identified violation. The purpose of this subparagraph is for the office to identify correctable reporting errors in a timely manner, and to notify the licensee of the errors prior to the due date of the next organization quarterly report so that the errors are corrected and are not repeated in subsequent organization quarterly reports.

2. A review conducted under subparagraph 1. of this paragraph shall not be considered an audit or final review and acceptance of an organization quarterly report and payment. The office shall have four (4) years from the date of filing to fully audit and review an organization quarterly report, and may pursue administrative actions against the licensee related to an organization quarterly report or the information reported on an organization quarterly report within the four (4) year period if violations or errors that are not willful are discovered. This subparagraph shall not be construed to require records that are not needed to audit or review an organization quarterly report to be kept longer than is required elsewhere in this chapter or in any related administrative regulations.

3. Notwithstanding the provisions of subparagraph 2. of this paragraph, for a violation that is determined to be willful, the office may pursue the administrative actions authorized by this section at any time.

4. A letter of warning issued under this section shall:

a. Identify the violation;

b. Describe the corrective action necessary;

c. Identify the administrative actions that can be taken if the violation is not addressed; and

d. Provide that the person shall have thirty (30) days to correct the action leading to the violation.

(4) The office may reinstate a license that has been revoked at any time after two (2) years from the date of revocation. A license may be reinstated only upon a finding that the violations for which the license was revoked have been corrected.

(5) All departments, divisions, boards, agencies, officers, and institutions of the Commonwealth of Kentucky and all subdivisions thereof, in particular local law enforcement entities, shall cooperate with the office in carrying out its enforcement responsibilities.

(6) The office shall report any activity or action which would constitute a criminal offense to the appropriate authorities in the county where the activity or action occurred and to the Attorney General.

(7) All administrative actions taken under this section shall be subject to the final order of the ***corporation***~~[board]~~.

➔Section 49. KRS 393A.040 is amended to read as follows:

Subject to KRS 393A.120, the following property shall be presumed abandoned if it is unclaimed by the apparent owner during the period specified below:

(1) A traveler's check, fifteen (15) years after issuance;

(2) A money order, seven (7) years after issuance;

(3) A state or municipal bond, bearer bond, or original-issue-discount bond, three (3) years after the earliest of the date the bond matures or is called or the obligation to pay the principal of the bond arises;

(4) A debt of a business association, three (3) years after the obligation to pay arises;

(5) A payroll card or demand, savings, or time deposit account, including a deposit that is automatically renewable, three (3) years after the maturity of the deposit, except a deposit that is automatically renewable is deemed matured on its initial date of maturity unless the apparent owner consented in a record on file with the holder to renewal at or about the time of the renewal, except:

(a) Property held in an interest-bearing, demand, savings, or time deposit account shall, from the time it is presumed abandoned under this chapter, be placed by the holder in an interest-bearing account made assignable to the administrator;

(b) The administrator may examine the records of the holder relevant to the establishment and maintenance of an interest-bearing account in accordance with this chapter;

(c) Upon demand and proper proof by a person appearing entitled to payment of property described in this subsection, the holder may withdraw the property and any accrued interest for payment to the entitled person;

(d) Property described in this subsection deposited and not claimed ten (10) years after it is presumed abandoned, or upon actual abandonment, shall be paid to the administrator upon whichever abandonment occurs first; and

(e) The administrator shall not be required to credit interest on any property described in this subsection after the property is received under paragraph (d) of this subsection;

(6) Money or a credit owed to a customer as a result of a retail business transaction, other than in-store credit for returned merchandise, three (3) years after the obligation arose;

(7) An amount owed by an insurance company on a life or endowment insurance policy or an annuity contract that has matured or terminated, three (3) years after the obligation to pay arose under the terms of the policy or contract or, if a policy or contract for which an amount is owed on proof of death has not matured by proof of the death of the insured or annuitant, as follows:

(a) With respect to an amount owed on a life or endowment insurance policy, three (3) years after the earlier of the date:

1. The insurance company has knowledge of the death of the insured; or

2. The insured has attained, or would have attained if living, the limiting age under the mortality table on which the reserve for the policy is based; and

(b) With respect to an amount owed on an annuity contract, three (3) years after the date the insurance company has knowledge of the death of the annuitant;

(8) Property distributable by a business association in the course of dissolution, one (1) year after the property becomes distributable;

(9) Property held by a court, including property received as proceeds of a class action, may be paid to the administrator one (1) year after the property becomes distributable, but shall be paid to the administrator no later than five (5) years after the property becomes distributable;

(10) Property held by a government or governmental subdivision, agency, or instrumentality, including municipal bond interest and unredeemed principal under the administration of a paying agent or indenture trustee, one (1) year after the property becomes distributable;

(11) Property payable or distributable in the course of a demutualization of an insurance company, three (3) years after the earlier of the last contact with the policyholder, or the date the property became payable or distributable;

(12) Wages, commissions, bonuses, or reimbursements to which an employee is entitled, or other compensation for personal services, other than amounts held in a payroll card, one (1) year after the amount becomes payable;

(13) A deposit or refund owed to a subscriber by a utility, one (1) year after the deposit or refund becomes payable; ***and***

(14)~~[All funds represented by unclaimed pari-mutual winning tickets held in this state by any person, association, or corporation operating a pari-mutual or similar system of betting at quarter horse or Appaloosa racetracks, two (2) years from the time the ticket became payable; and~~

~~(15)]~~ Property not specified in KRS 393A.050, 393A.060, 393A.070, 393A.080, 393A.090, or 393A.100, the earlier of three (3) years after the owner first has a right to demand the property or the obligation to pay or distribute the property arises.

➔Section 50. The following KRS sections are repealed:

230.270 Biennial report to General Assembly required.

238.520 Charitable Gaming Advisory Council. (Effective July 1, 2025)

238.522 Restriction on promulgating administrative regulations. (Effective July 1, 2025)

➔Section 51. The corporation shall evaluate and propose a structure for initial licensure, license renewals, and license reinstatements for entities involved in horse racing, sports wagering, and charitable gaming. The corporation shall present its recommendations to the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations by October 1, 2025.

➔Section 52. Whereas the proper regulation of racing and gaming is crucial to the economy and the public's trust in the Commonwealth's signature industry, an emergency is declared to exist, and Sections 4, 9 to 22, and 33 of this Act take effect upon passage and approval by the Governor or upon its otherwise becoming a law.

➔Section 53. Sections 1 to 3, 5 to 8, 23 to 32, and 34 to 51 of this Act take effect July 1, 2025.

Vetoed in Part and Overridden March 27, 2025.

CHAPTER 125

(HB 684)

AN ACT relating to elections.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 117.045 is amended to read as follows:

(1) (a) The county board of elections shall in the manner prescribed by this section, not later than March 20 each year, except in a year in which no primary and regular elections are scheduled, appoint for each precinct in the county two (2) judges, one (1) clerk and one (1) sheriff of election. They shall serve in all elections held in the county during the year, except for minors seventeen (17) years of age who will become eighteen (18) years of age on or before the day of the regular election who may only serve as election officers for the primary and regular elections as provided in subsection (9) of this section.

(b) If a special election is ordered to be held in a year in which no elections are scheduled, the county executive committee of each political party in each county in the territory affected by the special election shall, not later than twenty-eight (28) days preceding the date of the special election, submit a written list of nominees for precinct election officers to serve in the special election in a manner consistent with the provisions of subsection (2) of this section. The county board of elections in each county in the territory affected by the special election shall, not later than twenty-one (21) days preceding the date of the special election, appoint precinct election officers to serve in the special election in a manner consistent with the provisions of subsections (4), (5), and (6) of this section.

(c) The State Board of Elections shall promulgate an administrative regulation under KRS Chapter 13A establishing evaluation procedures which county boards of elections may use to qualify persons nominated to serve as precinct election officers.

(2) The county executive committees of the two (2) political parties having representation on the State Board of Elections may, on or before March 15 each year, designate in writing to the county board of elections a list of not less than four (4) names for each precinct; except that, in any precinct where there are not as many as four (4) persons possessing the qualifications of an election officer belonging to the political party filing the list, ***or***

when the State Board of Elections has approved a county board of elections' precinct consolidation plan requesting a lesser number of precinct officers, a lesser number may be designated. If there are two (2) or more contending executive committees of the same party in any county, the one recognized by the written certificate of the chair of the state central committee of the party shall be the one authorized to submit the lists. The lists shall contain the full name, address, phone number, and Social Security number, if available, of each person listed. The lists shall be accompanied by a signed statement from each person stating that he or she is willing to serve, has not failed to serve without excuse in the past, and has not been convicted of an election law offense or any felony, unless the person's civil rights have been restored by the Governor. The State Board of Elections shall prescribe the form of the list by administrative regulation promulgated under KRS Chapter 13A.

(3) The Attorney General shall notify each party state central committee of the duties of the party.

(4) (a) If lists are submitted by the county executive committees under subsection (2) of this section, the county board of elections shall select one (1) judge at each voting place from each political party's list, and the county board shall select the sheriff from one (1) political party's list and the clerk from the other.

(b) If no lists are submitted by the county executive committees under subsection (2) of this section, the two (2) members of the county board of elections who are appointed by the State Board of Elections may submit lists; and the county board of elections shall select the sheriff and one (1) judge from one (1) list and the clerk and the other judge from the remaining list.

(c) If no lists are submitted by the county executive committees under subsection (2) of this section, or by the county board of elections under paragraph (b) of this subsection, the county clerk shall select the sheriff and one (1) judge from the membership of one (1) party and the clerk and the other judge from the membership of the remaining party. If no members of one (1) of the two (2) political parties are available or willing to serve as a judge, the county clerk shall select any qualified and registered voter within the county to serve as a judge at a voting place.

(d) The county board of elections shall, when possible, also appoint an adequate number of alternate precinct election officers from names on the lists which were submitted but which were not selected by the county board as precinct election officers. If alternate precinct election officers are not appointed from the lists of nominees who were not selected as precinct election officers, the county board of elections shall submit its method of selecting alternate precinct election officers to the State Board of Elections for its approval. If no lists are submitted to the county board of elections as provided in this subsection, the county clerk shall select an adequate number of alternate precinct election officers.

(e) The names of all precinct election officers and alternate precinct election officers selected by the county clerk shall be submitted to the county board of elections for its approval.

(f) Nothing in this subsection shall prevent the selection of any registered and qualified voter who is not registered with either of the two (2) political parties to serve as a precinct election officer in a precinct in which the officer resides or as otherwise provided in this subsection.

(5) If, after all reasonable efforts have been made, neither the county board of elections nor the county clerk are able to find two (2) qualified officers for each precinct who are affiliated with the two (2) political parties having representation on the State Board of Elections or any other qualified and registered voter within the county, the county board of elections shall submit a list of emergency election officer appointments to the State Board of Elections. The county board of elections shall also present, in writing, its efforts to recruit and appoint election officers as prescribed in subsection (4) of this section. The State Board of Elections, after its review, may approve any or all of the emergency appointments submitted by the county board of elections or may direct the county board to take other action. Any emergency appointment shall be made for the next ensuing election only.

(6) In addition to precinct election officers appointed under subsection (1) of this section, a county board of elections or the county clerk may appoint up to two (2) additional precinct election officers per precinct with the approval of the State Board of Elections. The State Board of Elections shall promulgate an administrative regulation under KRS Chapter 13A establishing conditions under which additional precinct officers may be approved.

(7) The county board of elections shall, not less than ten (10) days before the next ensuing election, send to each election officer written notice of his or her appointment. The county board of elections may direct the sheriff of the county to serve the notice of appointment, if it deems the action is necessary.

(8) The State Board of Elections may require the county board of elections to submit its list of precinct officers for review. The State Board of Elections may, after a hearing, direct the removal of any election officer who the board finds would not fairly administer the state election laws. The State Board of Elections shall provide for the method and manner of the hearing by administrative regulation promulgated under KRS Chapter 13A, and shall replace any officer so removed.

(9) (a) An election officer shall be a qualified voter of the precinct; except that, where no qualified voter of the required political party is available within the precinct, the election officer shall be a qualified voter of the county.

(b) A minor seventeen (17) years of age who will become eighteen (18) years of age on or before the day of the regular election may serve as an election officer for the primary and regular elections in which he or she is qualified to vote; however, no precinct shall have more than one (1) person serving as an election officer who is a minor seventeen (17) years of age.

(c) An election officer shall not be a candidate for office during the election year.

(d) An election officer shall not be the spouse, parent, brother, sister, or child of a candidate who is to be voted for at the election in the precinct in which the election officer will serve on election day.

(e) An election officer shall not have changed his or her voter registration party affiliation after December 31 immediately preceding his or her appointment to serve for the primary, or after the second Tuesday in August to serve for the regular election.

(f) An election officer may be removed, for cause, at any time up to five (5) days before an election. Vacancies shall be filled by the county board of elections or the county clerk with alternate precinct election officers and if the vacancy occurs in the appointment of a judge, the person appointed to fill the vacancy shall be of the same political affiliation as the vacating officer, except for emergency appointments made as provided in subsection (5) of this section.

(10) If the county board of elections or the county clerk fails to appoint election officers, or if any officer is not present at the precinct at the time for commencing the election, or refuses to act, and if no alternate is available, the officer in attendance representing the political party of the absentee shall appoint a suitable person to act in his or her place for that election. If both representatives of the same political party are absent, qualified voters present affiliating with that party shall elect, viva voce, suitable persons to act in their places.

(11) Each election officer shall be paid a minimum of sixty dollars ($60) per election day served, and such an additional amount as compensation as may be determined by the county board of elections, with the approval of the governing body which would be responsible for funding the election officers' pay, for each election in which the election officer serves, to be paid by the county. For delivering the election packets to the polls, the precinct election officers shall additionally receive the mileage reimbursement provided for state employees, for each mile necessarily traveled in the delivery of the packets to the polls, or a flat fee if the fee equals or exceeds that amount. For delivering election returns, the precinct election judges shall additionally receive the mileage reimbursement provided for state employees for each mile necessarily traveled in the delivery of election returns, or a flat fee if the fee equals or exceeds that amount. The fee paid to the precinct election judges for delivering election returns shall be paid by the county.

➔Section 2. KRS 117.065 is amended to read as follows:

(1) The county board of elections shall, not later than January 15 of each year, establish the voting place for each precinct. If a change becomes necessary after that date, notice of change shall be published pursuant to KRS Chapter 424. If a change becomes necessary on election day, notice shall be posted at the former voting place. The expense of renting voting places, for which rent of not less than twenty dollars ($20) shall be paid, shall be paid in the same manner as other election expenses.

(2) The county board of elections shall have the authority to designate as voting places, on election day and all days of excused and no-excuse in-person absentee voting, without cost to the board, buildings constructed in whole or in part with tax revenues.

(3) ***The county board of elections shall notify a local board of education that it intends to designate one (1) or more school buildings as voting places no later than December 1 prior to the election. The county board of elections shall specify which school buildings will be used and the expected dates and times of use.***

(4) The county board of elections shall designate as voting places only those places which are accessible to all eligible voters, including those with physical limitations and the elderly.

(5)~~[(4)]~~ The county board of elections shall ensure that each precinct polling place in the county has immediate access to a telephone within the polling place on the day of any election.

➔Section 3. KRS 117.066 is amended to read as follows:

(1) The county board of elections may, pursuant to KRS 117.055 and subsection (3) of this section, designate a single voting location for more than one (1) precinct if the voting location is equipped with voting equipment capable of providing or accepting separate ballots without endangering the integrity of the ballots or without violating any other election law.

(2) If a single voting location for more than one (1) precinct is approved under subsection (3) of this section, the primary or election shall be conducted as follows:

(a) One (1) voting equipment may be used for more than one (1) precinct if ballots are tabulated for each separate precinct, and if separate ballots may be placed upon any voting equipment to be used without endangering the integrity of the ballots or without violating any other election law. Otherwise, separate voting equipment shall be used for each precinct. In the instance of a precinct which has a small number of voters such that the use of separate voting equipment would be cost-prohibitive, the county clerk may make application to the State Board of Elections to use supplemental paper ballots under KRS 118.215 to conduct the voting for the small precinct on any primary or election day. If the use of supplemental paper ballots is approved by the State Board of Elections, at the close of voting on any primary or election day, the locked supplemental paper ballot box shall be transported to the county board of elections along with the federal provisional ballot receptacle, and ballots shall be counted by the county board of elections as provided by KRS 117.275***(9) to (15)***~~[(10) to (16)]~~;

(b) Separate precinct voter rosters shall be maintained for each precinct, and steps shall be taken to ensure that voters cast their ballot in their duly authorized precinct; and

(c) A separate set of election forms and reports required by this chapter and the State Board of Elections shall be maintained for each precinct.

(3) The county board of elections may petition the State Board of Elections to allow the consolidation of precincts and the consolidation of precinct election officers at any voting location where voters of more than one (1) precinct vote. The petition shall be submitted at least one hundred twenty (120) days before a primary election on a form prescribed by the State Board of Elections in administrative regulations promulgated under KRS Chapter 13A and shall include:

(a) A list of all precincts designated to vote at the voting location;

(b) The address and type of facility of the voting location;

(c) The number and type of voting systems or voting equipment to be used at the voting location;

(d) The number of registered voters in each precinct designated to vote at the voting location;

(e) An explanation of the reasons why the consolidation is desirable;

(f) The plan for additional precinct officers at the voting location, the manner in which they will be assigned, and whether the voting location will be fully staffed with election officials;

(g) The plan for how the county clerk will publicize the location for where the voting shall occur, in addition to how each location shall be noted conspicuously to residents of the county as a "Vote Center";

(h) The plan for how the voting location will serve as a focal point to meet the needs of a diverse community; and

(i) The number of parking spaces available at the location and a determination as to whether the location has sufficient parking spaces.

(4) Beginning on January 1, 2025, if the petition submitted under subsection (3) of this section is approved by the State Board of Elections, it shall apply for the entire year and the precinct election officers designated to serve as election officers for more than one (1) precinct shall meet the eligibility requirements of KRS 117.045.

(5) At least one hundred twenty (120) days before ***a primary or regular***~~[an]~~ election, ***or fifty-six (56) days before a special election,*** a county board of elections may petition the State Board of Elections to allow an amendment the county board deems necessary to the petition previously submitted and approved under subsection (3) of this section.

(6) The Secretary of State shall retain veto authority over any petition that is approved by the State Board of Elections. The State Board of Elections, upon reconsideration of the petition, shall have the power to override a veto of the Secretary of State by a three-fourths (3/4) affirmative vote of the membership of the board.

➔Section 4. KRS 117.076 is amended to read as follows:

(1) Any voter who is qualified to vote on election day in the county of his or her residence may choose to cast a no-excuse in-person absentee ballot on the Thursday, Friday, or Saturday immediately preceding the day of an election. The available hours from which a voter may cast his or her vote during these three (3) days shall be no less than eight (8) hours between 6 a.m. and 8 p.m. prevailing time, as determined by the county board of elections of each county.

(2) Any voter who is qualified to vote on election day in the county of his or her residence may make application to cast an excused in-person absentee ballot during normal business hours during the six (6) business days immediately preceding the Thursday of no-excuse in-person absentee voting under subsection (1) of this section. The voter who makes application under this subsection shall meet one (1) of the following requirements in order to cast his or her excused in-person absentee ballot:

(a) Is a resident of Kentucky who is a covered voter as defined in KRS 117A.010, who will be absent from the county of his or her residence on the day of an election and during the days of no-excuse in-person absentee voting;

(b) Has surgery, or whose spouse has surgery, scheduled that will require hospitalization on the day of an election and during the days of no-excuse in-person absentee voting;

(c) Temporarily resides outside the state, but is still eligible to vote in this state and will be absent from the county of his or her residence on the day of an election and during the days of no-excuse in-person absentee voting;

(d) Is a resident of Kentucky who is a uniformed-service voter as defined in KRS 117A.010 confined to a military base on election day and during the days of no-excuse in-person absentee voting;

(e) Is in her last trimester of pregnancy;

(f) Has not been declared mentally disabled by a court of competent jurisdiction and, due to age, disability, or illness, is not able to appear at the polls on election day and during the days of no-excuse in-person absentee voting;

(g) ***Is a caregiver who is providing medical or healthcare assistance to a voter who is qualified to cast a ballot under paragraph (f) of this subsection;***

(h) Is a student who temporarily resides outside the county of his or her residence and will be absent from the county of his or her residence on the day of an election and during the days of no-excuse in-person absentee voting;

(i)~~[(h)]~~ Any person employed in an occupation that is scheduled to work during all days and all hours, which shall include commute time, the polls are open on election day and during the days of no-excuse in-person absentee voting;

(j)~~[(i)]~~ Any election officer tasked with election administration for the current election cycle; or

(k)~~[(j)]~~ Any person prevented from voting in person at the polls on election day and from casting a no-excuse in-person absentee ballot on all days no-excuse in-person absentee voting is conducted because he or she will be absent from the county of his or her residence during all days and all hours no-excuse in-person absentee voting is conducted.

(3) Any voter who votes an in-person absentee or federal provisional in-person absentee ballot shall provide proof of identification as defined in KRS 117.001 or meet the requirements of KRS 117.228 or 117.229.

(4) In-person absentee voting shall be conducted in a location within the county clerk's office where ballots shall be cast secretly. In-person absentee voting may occur in another location within the county if the location is designated by the county board of elections and approved by the State Board of Elections. The county clerk may provide for voting by the voting equipment in general use in the county or any other voting equipment approved by the State Board of Elections for use in Kentucky. Public notice of the locations shall be given pursuant to KRS Chapter 424, and similar notice by mail shall be given to the county chairs of the two (2) political parties whose candidates polled the largest number of votes in the county at the last regular election.

(5) Any voter qualifying to vote who receives assistance to vote in-person absentee shall complete the voter assistance form required by KRS 117.255.

(6) Any voter qualifying to vote whose qualifications are challenged on grounds other than inability to provide proof of identification by any clerk or deputy shall complete an oath of voter affidavit.

(7) Each voter casting his or her vote in-person absentee shall sign an in-person absentee ballot signature roster.

(8) The members of the county board of elections, or their designees who provide equal representation of both political parties, may serve as precinct election officers, without compensation, for all in-person absentee voting conducted. If the members of the county board of elections or their designees serve as precinct election officers for in-person absentee voting, they shall perform the same duties and exercise the same authority as precinct election officers who serve on the day of an election. If the members of the county board of elections or their designees do not serve as precinct election officers for in-person absentee voting, the county clerk or deputy county clerks shall supervise the in-person absentee voting.

(9) Any individual qualified to appoint challengers for the day of an election may also appoint challengers to observe all in-person absentee voting, and those challengers may exercise the same privileges as challengers appointed for observing voting on the day of an election at a regular polling place.

(10) During the days of in-person absentee voting, all voting equipment on which in-person absentee ballots are cast shall remain locked and the keys shall be retained by at least two (2) members of the central ballot counting board who are not of the same political affiliation or by two (2) members of the county board of elections who are not of the same political affiliation, and the voting equipment shall remain locked with a tamper-resistant seal until the ballots are counted.

(11) No person shall transmit or publicize any tallies or counts of in-person absentee ballots, or any partial results, to any person except when provided to the county board of elections under KRS 117.087, until 6 p.m. prevailing time on the day of a primary or an election.

(12) (a) Before and after each day of in-person absentee voting, on all voting equipment to be used, the tamper-resistant seal shall be checked to ensure it is unaltered and the number on the public counter shall be read and recorded. The status of the tamper-resistant seal shall be indicated and the number on the public counter of each voting equipment shall be recorded by the county clerk or his or her designated election official, member of the county board of elections, or member of the central ballot counting board. The status of the tamper-resistant seal and the number recorded from the public counter shall be witnessed by an election official who is of a different political affiliation than the person recording.

(b) The status of the tamper-resistant seal and the number on the public counter shall be recorded on a form prescribed and furnished by the State Board of Elections pursuant to administrative regulations promulgated under KRS Chapter 13A.

(c) The witness who is present shall verify, through validity of his or her signature on the form provided, the accuracy of the number recorded from the public counter, the number recorded on the prescribed form, and the status of the tamper-resistant seal.

(d) Any irregularities observed by the election official who is recording and the election official who is a witness shall be immediately reported to the county attorney or the Office of Attorney General.

(13) The State Board of Elections shall promulgate administrative regulations under KRS Chapter 13A to provide for the casting of ballots in accordance with this section.

➔Section 5. KRS 117.085 is amended to read as follows:

(1) (a) All requests for a mail-in absentee ballot shall be requested through a secure online portal established by the State Board of Elections, except for:

1. Voters identified in KRS 117.077;

2. Disabled voters; and

3. Covered voters in paragraph (i) of this subsection;

who have the additional option of requesting a mail-in absentee ballot application through the county clerk.

(b) Acquiring a mail-in absentee ballot by means of the online portal shall require the voter to input personally identifiable information for verification.

(c) 1. For those voters who do not have the means of accessing the online portal, the county clerk shall fulfill a request for a mail-in absentee ballot by taking the voter's information over the telephone or in person and directly inputting that information into the secure online portal.

2. If a voter under paragraph (h)3. of this subsection expresses the desire to request a mail-in absentee ballot, the jail staff shall ensure that the voter is allowed, during normal business hours, to use a telephone to receive assistance by the county clerk, as described in subparagraph 1. of this paragraph.

(d) The online portal shall have the capacity to ensure the identity of the voter through proof of identification as required under KRS 117.227 or by means of KRS 117.228.

(e) If a voter qualifies to receive a mail-in absentee ballot, the online portal shall transmit the mail-in absentee ballot request to the county clerk of the county in which the voter is registered to vote.

(f) The online portal shall not be open or permit any mail-in ballot requests to occur more than forty-five (45) days immediately preceding the day of a primary or an election. The online portal shall close at 11:59 p.m. local time, fourteen (14) days immediately preceding the day of a primary or an election.

(g) Except as otherwise provided in KRS 117.077, the mail-in absentee ballot may be requested by the voter or the spouse, parents, or children of the voter, but shall be restricted to the use of the voter.

(h) Except as otherwise provided in KRS 117.077 and covered voters in paragraph (i) of this subsection, a qualified voter may apply to cast his or her vote by mail-in absentee ballot if the completed application is received fourteen (14) days before the election, and if the voter is:

1. A resident of Kentucky who is a covered voter as defined in KRS 117A.010;

2. A student who temporarily resides outside the county of his or her residence;

3. Incarcerated in jail and charged with a crime, but has not been convicted of the crime;

4. Changing or has changed his or her place of residence to a different state while the registration books are closed in the new state of residence before an election of electors for President and Vice President of the United States, in which case the voter shall be permitted to cast a mail-in absentee ballot for electors for President and Vice President of the United States only;

5. Temporarily residing outside the state but still eligible to vote in this state;

6. Prevented from voting in person at the polls on election day and from casting an excused or no-excuse in-person absentee ballot on all days in-person absentee voting is conducted because he or she will be absent from the county of his or her residence all hours and all days excused or no-excuse in-person absentee voting is conducted;

7. A participant in the Secretary of State's crime victim address confidentiality protection program as authorized by KRS 14.312; or

8. Not able to appear at the polls on election day or the days excused or no-excuse in-person absentee voting is conducted on the account of age, disability, or illness, and who has not been declared mentally disabled by a court of competent jurisdiction.

(i) Residents of Kentucky who are covered voters as defined in KRS 117A.010 may apply for a mail-in absentee ballot by means of the federal post-card application, which may be transmitted to the county clerk's office by mail, by facsimile machine, or by means of the electronic transmission system established under KRS 117A.030(4). The federal post-card application may be used to register, reregister, and to apply for a mail-in absentee ballot. If the federal post-card application is received at any time not less than seven (7) days before the election, the county clerk shall affix his or her seal to the application form upon receipt.

(j) Any qualified voter who is disabled may use an accessible mail-in absentee ballot portal to request and receive a mail-in absentee ballot by means of an electronic transmission system as established under KRS 117A.030(4). The standards necessary to implement this paragraph shall be set by the State Board of Elections pursuant to administrative regulations promulgated under KRS Chapter 13A.

(2) For those voters who are eligible to receive a mail-in absentee ballot by means other than the secure online portal pursuant to subsection (1) of this section, the county clerk shall type the name of the voter permitted to vote by mail-in absentee ballot on the mail-in absentee ballot application for that person's use and no other.

The mail-in absentee ballot application shall be in the form prescribed by the State Board of Elections, which shall include the voter affirmation form as prescribed in KRS 117.228(1)(c) and shall contain the following information: name, residential address, precinct, party affiliation, statement of the reason the person cannot vote in person on the day of an election or during the dates and time no-excuse in-person absentee voting is being conducted, statement of where the voter shall be on election day or during the dates and times no-excuse in-person absentee voting is being conducted, statement of compliance with residency requirements for voting in the precinct, an instructional statement prescribing the requirements for providing a copy of the voter's proof of identification or voter affirmation when applicable, and the voter's mailing address for a mail-in absentee ballot. The mail-in absentee ballot application form shall be verified and signed by the voter, and the voter shall provide a copy of his or her proof of identification, as defined in KRS 117.001, or the executed voter affirmation as described in KRS 117.228(1)(c). A notice of the actual penalty provisions in KRS 117.995(2) and (5) shall be printed on the mail-in absentee ballot application form.

(3) For those voters eligible to receive a mail-in absentee ballot, if the county clerk finds that the voter has completed and submitted an application for a mail-in absentee ballot as provided in this section, is properly registered as stated in his or her mail-in absentee ballot application, and qualifies to receive a mail-in absentee ballot by mail, the county clerk shall ***issue only***~~[mail]~~ to the voter a mail-in absentee ballot, two (2) official envelopes for returning the mail-in absentee ballot, and instructions for voting.

(4) Mail-in absentee ballots shall be mailed to a voter's residential address located in the county in which the voter is registered, except for:

(a) A qualified voter who applies pursuant to the requirements of subsection (1)(h)1., 4., and 5. of this section;

(b) A qualified voter covered under KRS 117.077;

(c) A qualified voter who applies pursuant to the requirements of subsection (1)(h)2. of this section, whose mail-in absentee ballot shall be mailed to the voter's residential address located in the county in which the voter is registered, or the voter's current residential address at the time the application for the absentee ballot is submitted, if different, due to the voter's attendance at an educational institution;

(d) A qualified voter who applies pursuant to the requirements of subsection (1)(h)3. of this section, whose mail-in absentee ballot shall be mailed to the jail where he or she is in custody at the time the application for the absentee ballot is submitted;~~[or]~~

(e) A qualified voter who applies pursuant to the requirements of subsection (1)(h)8. of this section, whose mail-in absentee ballot may be mailed to the address of a facility where he or she is receiving inpatient or residential medical treatment***; or***

(f) A qualified voter who has been issued a mail-in absentee ballot in person by the county clerk.

If a qualified voter who applies pursuant to paragraph (c), (d), or (e) of this subsection leaves the address where he or she requested an absentee ballot be mailed, the voter may contact the county clerk who shall issue a second ballot pursuant to subsection (9) of this section after canceling the first absentee ballot mailed to the voter.

(5) The county clerk shall:

(a) Transmit a mail-in absentee ballot to the voter who is eligible to receive a mail-in absentee ballot within four (4) days of receipt or within four (4) days of the ballots being available;

(b) Cause mail-in absentee ballots to be printed fifty (50) days prior to each primary or regular election, and forty-five (45) days prior to a special election; and

(c) Complete a postal form for a certificate of mailing for mail-in absentee ballots mailed within the fifty (50) states, and it shall be stamped by the postal service when the mail-in absentee ballots are mailed. Unless a postal form for a certificate of mailing is required, the county clerk may use methods of tracking the mail-in absentee ballots by means of a printed barcode or other label that is unique to the individual voter issued by the State Board of Elections pursuant to administrative regulations promulgated under KRS Chapter 13A.

(6) A mail-in absentee ballot may be transmitted by facsimile machine or by the electronic transmission system established under KRS 117A.030(4) to a covered voter as defined in KRS 117A.010. The covered voter shall be notified of the options for transmittal of the mail-in absentee ballot, and the mail-in absentee ballot shall be transmitted by the method chosen for receipt by the resident of Kentucky who is a covered voter.

(7) The outer envelope of the mail-in absentee ballot shall bear the words "Absentee Ballot", the address and official title of the county clerk, a printed barcode or other label that is unique to the individual voter issued by the State Board of Elections, and adequate space for the voter's signature, voting address, precinct number, and signatures of two (2) witnesses if the voter signs the form with the use of a mark instead of the voter's signature. A detachable flap on the secrecy envelope shall provide space for the voter's signature, voting address, precinct number, signatures of two (2) witnesses if the voter signs the form with the use of a mark instead of the voter's signature and notice of penalty provided in KRS 117.995(5). The county clerk shall type the voter's address and precinct number in the upper left hand corner of the outer envelope and of the detachable flap on the secrecy envelope immediately below the blank space for the voter's signature. The secrecy envelope shall be blank. If applicable, the county clerk shall retain the voter's mail-in ballot application, which shall include the photographed copy of the voter's proof of identification or the voter affirmation as prescribed by KRS 117.228(1)(c), and the postal form required by subsection (5) of this section for twenty-two (22) months after the primary or election.

(8) Except as otherwise provided in subsection (10) of this section, any person who has received a mail-in absentee ballot but who knows at least seven (7) days before the date of the election that he or she will be in his or her county of residence on election day or during the days of no-excuse in-person absentee voting and who has not voted by means of his or her mail-in absentee ballot shall cancel his or her mail-in absentee ballot and vote in person. The voter shall return the mail-in absentee ballot to the county clerk's office by mail or hand delivery no later than seven (7) days prior to the date of the election. Upon the return of the mail-in absentee ballot, the county clerk shall mark on the outer envelope of the sealed ballot or the unmarked ballot the words "Canceled because voter appeared to vote in person." Sealed envelopes so marked shall not be opened. The county clerk shall remove the voter's name from the list of persons who were sent mail-in absentee ballots, and the voter may vote in the precinct in which he or she is properly registered.

(9) Any voter qualified for a mail-in absentee ballot who does not receive a requested mail-in absentee ballot within a reasonable amount of time shall contact the county clerk, who shall ***issue another*** ~~[reissue a second]~~ mail-in absentee ballot. The county clerk shall keep a record of the mail-in absentee ballots issued and returned by mail, hand-delivered, or placed in a secure drop-box or receptacle, and the in-person absentee voting and federal in-person provisional absentee voting that is conducted, to verify that only the first voted ballot is counted. Upon the return of any mail-in absentee ballot after the first mail-in absentee ballot is returned, the county clerk shall mark on the outer envelope of the sealed ballot the words "Canceled because ballot reissued."

(10) Any covered voter as defined in KRS 117A.010 who has received a mail-in absentee ballot but who knows that he or she will be in the county on election day or during the days of no-excuse in-person absentee voting shall cancel his or her mail-in absentee ballot and vote in person during the days of no-excuse in-person absentee voting or on the day of the election. The voter shall return the mail-in absentee ballot to the county clerk's office on or before election day. Upon the return of the mail-in absentee ballot, the county clerk shall mark on the outer envelope of the sealed mail-in absentee ballot or the unmarked mail-in absentee ballot the words "Canceled because voter appeared to vote in person." Sealed envelopes so marked shall not be opened. The county clerk shall remove the voter's name from the list of persons who were sent mail-in absentee ballots, allow the voter to vote by means of no-excuse in-person absentee ballot, or provide the voter with written authorization to vote at the precinct on election day. If the voter is unable to return the mail-in absentee ballot to the county clerk's office on or before election day, at the time he or she votes in person, he or she shall sign a written oath as to his or her qualifications on a form prescribed by the State Board of Elections pursuant to KRS 117.245.

(11) The State Board of Elections shall promulgate administrative regulations to:

(a) Ensure election officials have real-time knowledge of which voters have requested mail-in absentee ballots; and

(b) Provide procedures to be followed if a voter attempts to vote more than once at a primary or an election.

➔Section 6. KRS 117.086 is amended to read as follows:

(1) (a) The voter returning his or her absentee ballot to the county clerk by mail, hand delivery, or to a secure drop-box or receptacle, shall mark his or her ballot, seal it in the secrecy envelope, and then seal the outer envelope.

(b) The voter shall sign the detachable flap and the outer envelope in order to validate the ballot. A person having power of attorney for the voter and who signs the detachable flap and outer envelope for the

voter shall complete the voter assistance form as required by KRS 117.255. The signatures of two (2) witnesses are required if the voter signs the form with the use of a mark instead of the voter's signature. A resident of Kentucky who is a covered voter as defined in KRS 117A.010 who has received an absentee ballot transmitted by facsimile machine or by means of the electronic transmission system established under KRS 117A.030(4) shall transmit the voted ballot to the county clerk by mail only, conforming with ballot security requirements that may be promulgated by the State Board of Elections by administrative regulation under KRS Chapter 13A. In order to be counted, all mail-in absentee ballots shall be received by the county clerk no later than the time established by the election laws generally for the closing of the polls, which time shall not include the extra hour during which those voters may vote who were waiting in line to vote at the scheduled poll closing time.

(2) (a) The county clerk shall provide a minimum of one (1) secure ballot drop-box to receive voted mail-in absentee ballots for each primary, regular election, or special election. Public notice of all secure ballot drop-box locations shall be given in the same manner as provided under KRS 117.076(4), and posted to the website of the county clerk.

(b) The county board of elections may seek the State Board of Elections' approval of a ballot receptacle to receive voted mail-in absentee ballots for each primary, regular election, or special election. Public notice of all secure ballot receptacle locations shall be given in the same manner as provided under KRS 117.076(4), and posted to the website of the county clerk. Before any mail-in absentee ballot shall be allowed to be deposited inside a receptacle, the county board of elections shall inform the State Board of Elections of:

1. The number of receptacles to be used;

2. The type of each receptacle to be used; and

3. The receptacle location.

(c) Any drop-box or receptacle located outside of the county clerk's office shall be:

1. Placed in a well-lit and easily accessible location;

2. Secured to ensure immobility while in use;

3. Under video surveillance at all times;

4. Tamper-resistant; and

5. Conspicuously noted as a mail-in absentee ballot drop-off location.

(d) ***The system used to conduct the video surveillance required under paragraph (c) of this subsection shall have enough storage capacity to retain sixty (60) consecutive days of continuous recording data. A request under the Kentucky Open Records Act, KRS 61.870 to 61.884, for this video after an election shall be made during the sixty (60) consecutive days following the election, and the video may be disposed of after those sixty (60) days, or upon compliance with the Kentucky Open Records Act or the closure of an investigation or any litigation, including appeals, in a District, Circuit, or federal court, whichever is later.***

(e) A drop-box or receptacle located inside the county clerk's office shall be under direct supervision of the staff of the county clerk at all times and be accessible to the public.

(f)~~[(e)]~~ Each receptacle or drop-box shall be emptied by the county clerk and at least one (1) member of the county board of elections or one (1) member of the central ballot counting board if one is appointed, who is not of the same political affiliation as the county clerk at least once each business day or more frequently, as needed, to reasonably secure and accommodate the volume of the voter-delivered mail-in absentee ballots. The ballots deposited in the drop-box or receptacle shall be removed with a record of the date and time ballots were removed, and the names of the persons removing them. If the drop-box or receptacle is located outside the county clerk's office, the ballots shall be returned to the county clerk in locked transport containers, and the county clerk shall transfer the ballots upon receipt in accordance with subsection (3) of this section.

(g)~~[(f)]~~ Except for those times ballots are being removed and transported from a secure ballot drop box to the county clerk as provided in this subsection, the county clerk and at least one (1) member of the county board of elections who is not of the same political affiliation or one (1) member of the central

ballot counting board who is not of the same political affiliation as the county clerk, shall retain the keys to all secure ballot drop-boxes, receptacles, and transport containers in use in the county.

(h) ~~[(g)]~~ The State Board of Elections may establish additional security measures and procedures for the use of the ballot drop-box or receptacle through administrative regulations promulgated under KRS Chapter 13A.

(3) Upon receipt of a mail-in absentee ballot, the county clerk shall scan the barcode or label that is unique to the individual voter to note the receipt of the mail-in absentee ballot, and deposit all of the mail-in absentee ballots in a locked ballot box immediately upon receipt without opening the outer envelope. The ballot box shall be locked with two (2) locks. The keys to the ballot box shall be retained by at least two (2) members of the county board of elections who are not of the same political affiliation or two (2) members of the central ballot counting board if one (1) is appointed, who are not of the same political affiliation, and the box shall remain locked until the ballots are processed, reviewed, or counted under KRS 117.087.

(4) The county clerk shall keep separate lists for each election of all persons who:

(a) Return a mail-in absentee ballot accepted under KRS 117.087;

(b) Vote by means of an excused or no-excuse in-person absentee ballot; and

(c) Cast a federal provisional absentee ballot counted under 31 KAR 6:020.

The county clerk shall send a copy of each list to the State Board of Elections after any primary or election day. Notwithstanding the provisions of the Kentucky Open Records Act, KRS 61.870 to 61.884, each list of all persons who return their mail-in absentee ballots or who cast their ballots by means of an excused in-person absentee or no-excuse in-person absentee shall not be made public until after the close of business hours on the primary or election day for which the list applies, except when provided to the county board of elections under KRS 117.087. The county clerk and the Secretary of State shall keep a record of the number of votes cast by each method listed in paragraphs (a) to (c) of this subsection, which are cast in any primary or election as a part of the official certification of the primary or election.

(5) The county board of elections shall report to the State Board of Elections within ten (10) days after any primary or regular election as to the number of rejected absentee ballots, including rejected mail-in absentee ballots and ballots cast under subsection (3) of this section, and the reasons for rejecting the ballots on a form prescribed and furnished by the State Board of Elections in administrative regulations promulgated under KRS Chapter 13A.

➔Section 7. KRS 117.228 is amended to read as follows:

(1) Except as provided in subsection (4) of this section, on the day of a primary, an election, or during in-person absentee voting, if a voter is unable to provide proof of identification as required under KRS 117.225, and as defined under KRS 117.001, a voter may cast a ballot if the individual:

(a) Is eligible to vote under KRS 116.025;

(b) Is entitled to vote in that precinct; and

(c) In the presence of the election officer, executes a voter's affirmation, on a form prescribed and furnished by the State Board of Elections pursuant to administrative regulations promulgated under KRS Chapter 13A, affirming:

1. The voter is a citizen of the United States;

2. The voter's date of birth to the best of the voter's knowledge and belief;

3. The voter is qualified to vote in this precinct under KRS 116.025;

4. The voter's name, and that the voter is generally known by that name, or the name is as stated on his or her voter registration card;

5. The voter has not voted and will not vote in any other precinct;

6. The voter's current residential address, including the street address number and, if different from the voter's current address, the voter's residential address prior to the close of the registration books under KRS 116.045, and the date the voter moved;

7. The voter understands that making a false statement on the affirmation is punishable under penalties of perjury; and

8. The voter has one (1) of the following impediments to procure proof of identification as defined in KRS 117.001:

   a. Lack of transportation;

   b. Inability to obtain his or her birth certificate or other documents needed to show proof of identification;

   c. Work schedule;

   d. Lost or stolen identification;

   e. Disability or illness;

   f. Family responsibilities;

   g. The proof of identification has been applied for, but not yet received; or

   h. The voter has a religious objection to being photographed.

(2) In addition to the requirements of subsection (1) of this section, to cast a ballot, the voter who is unable to provide proof of identification shall provide to an election officer:

   (a) The voter's Social Security card;

   (b) Any identification card issued by a county in this state which has the name of the voter stated and has been approved in writing by the State Board of Elections pursuant to administrative regulations promulgated under KRS Chapter 13A;

   (c) Any identification card with the voter's photograph and the name of the voter stated; ***or***

   (d) Any food stamp identification card, electronic benefit transfer card, or supplemental nutrition assistance card, that is issued by this state and has the name of the voter stated~~[; or~~

   ~~(e) A credit or debit card with the name of the voter stated~~].

(3) After the election officer obtains the affirmation from the voter required by subsection (1) of this section, and after the voter provides the documents under subsection (2) of this section, the voter shall sign the precinct signature roster and shall proceed to cast his or her vote in a ballot completion area.

(4) If the voter is personally known to the election officer, the election officer may execute an election officer affirmation, on a form prescribed and furnished by the State Board of Elections pursuant to administrative regulations promulgated under KRS Chapter 13A, affirming the voter's identification as being personally known to him or her. Once the affirmation is executed by the election officer, the voter shall sign the precinct signature roster and shall proceed to cast his or her vote in a ballot completion area. For purposes of this subsection, "personally known" means that the election officer knows the voter's name and that the voter is a resident of the community.

(5) The voter affirmation and the election officer affirmations executed under this section shall be processed in the same manner as an oath of voter affidavit as prescribed by KRS 117.245(3) and (4).

➔Section 8. KRS 117.255 is amended to read as follows:

(1) The voter shall be instructed by the officers of election, with the aid of the instruction cards and any model if applicable, in the use of the voting equipment, if the voter so requests.

(2) Except for those voters who have been certified as requiring assistance on a permanent basis under this section, no voter shall be permitted to receive any assistance in voting at the polls unless the voter makes and signs an oath that, because of blindness, other physical disability, or an inability to read English, the voter is unable to vote without assistance. The voter shall indicate in the oath the specific reason that requires the voter to receive assistance. The oath shall be upon a voter assistance form prescribed and furnished by the State Board of Elections pursuant to administrative regulations promulgated under KRS Chapter 13A. Any person assisting a voter shall complete the voter assistance form.

(3) Upon making and filing the oath with the precinct clerk, the voter requiring assistance shall retire to the voting booth or ballot completion area with the precinct judges, and one (1) of the judges shall, in the presence of the other judge and the voter, complete the ballot as the voter directs. A voter requiring assistance in voting may, if the voter prefers, be assisted by a person of the voter's own choice who is not an election officer, except that

the voter's employer, an agent of the voter's employer, or an officer or agent of the voter's union shall not assist a voter.

(4) The precinct election clerk shall swear a person assisting a voter in voting to complete the ballot in accordance with the directions of the voter, and the person sworn shall enter the voting booth or ballot completion area and complete the ballot for the voter as the voter directs.

(5) A voter who requires voting assistance on a permanent basis because of blindness or other physical disability may apply to the county board of elections for certification. Application may be made when registering to vote or completing the voter assistance form by indicating that the reason for obtaining assistance is permanent.~~[The county board of elections shall determine whether the applicant requires assistance on a permanent basis.]~~ ***The voter shall swear or affirm, under penalty of perjury, that he or she requires voting assistance on a permanent basis because of a permanent physical disability.*** The county board of elections shall notify the county clerk of persons certified as requiring permanent voting assistance and the county clerk shall enter the certification on the voter's registration record. The State Board of Elections shall indicate on the precinct roster of voters those voters who are certified to receive assistance permanently without signing the voter assistance form at the precinct.

(6) No voter shall be permitted to occupy the voting booth or ballot completion area more than four (4) minutes if other voters are waiting to use it, except that those voters who because of a disability need extra time to cast a ballot shall be given a reasonable amount of time to vote.

(7) In primaries, before a voter is permitted to use the voting equipment, a judge of the election shall adjust the voting equipment so that the voter will only be able to vote for the persons for whom the voter is qualified to vote.

(8) If the voting equipment is so constructed as to require adjustment after one (1) person has voted before another person may vote, the judges of election shall adjust it after each person has voted.

(9) The election officers shall constantly maintain a watch in order to prevent any person from voting more than once.

(10) For voters voting as federal provisional voters, or if supplemental paper ballots have been approved as provided in KRS 118.215, the voter shall vote his or her federal provisional or supplemental ballot in privacy in a voting booth provided for that purpose by the county clerk. If the voter spoils his or her federal provisional or supplemental ballot, the voter shall return the spoiled federal provisional or supplemental paper ballot to an election officer who shall stamp the ballot "Spoiled," initial, and place the spoiled federal provisional or supplemental ballot in an envelope provided for that purpose. The voter shall be issued a second federal provisional or supplemental paper ballot. Upon completion of voting, the voter shall remove the numbered stub from the federal provisional or supplemental ballot, hand the stub to an election officer and deposit the voted federal provisional or supplemental ballot in the appropriate locked ballot box or locked receptacle in the presence of an election officer.

(11) The election sheriff shall be responsible for reporting violations of this section.

➔Section 9. KRS 117.265 is amended to read as follows:

(1) A voter may, at any regular or special election, cast a write-in vote for any person qualified as provided in subsection (2) or (3) of this section, whose name does not appear upon the ballot for any office, by writing the name of his or her choice upon the appropriate ballot for the office being voted on as required by KRS 117.125. Any candidate who is defeated or disqualified in a partisan or nonpartisan primary shall be ineligible as a candidate for the same office in the regular election, unless there is a vacancy pursuant to KRS 118.105(3). Any voter utilizing a federal provisional ballot, a federal provisional in-person absentee ballot, or a mail-in absentee ballot for a regular or special election may write in a vote for any eligible person whose name does not appear upon the ballot, by writing the name of his or her choice under the office.

(2) Write-in votes shall be counted only for candidates for election to office who have filed a declaration of intent to be a write-in candidate with the Secretary of State or county clerk, depending on the office being sought, on or before the ***certification deadlines established in subsection (1)(a) to (c) of Section 18 of this Act and KRS 118A.090(2)***~~[fourth Friday in October preceding the date of the regular election]~~ and not later than the second Friday before the date of a special election. In the case of a special election administered under KRS 118.730, a declaration of intent to be a write-in candidate shall be filed at least twenty-eight (28) days before the day of the election. The declaration of intent shall be filed no earlier than the first Wednesday after the first Monday in November of the year preceding the year the office will appear on the ballot, and no later than 4 p.m. local

time at the place of filing when filed on the last date on which papers may be filed. The declaration of intent shall be on a form prescribed and furnished by the Secretary of State.

(3) A person shall not be eligible as a write-in candidate:

(a) For more than one (1) office in a regular or special election; or

(b) If his or her name appears upon the ballot for any office, except that the candidate may file a notice of withdrawal prior to filing an intent to be a write-in candidate for office when a vacancy in a different office occurs because of:

1. Death;

2. Disqualification to hold the office sought;

3. Severe disabling condition which arose after the nomination; or

4. The nomination of an unopposed candidate.

(4) Persons who wish to run for President and Vice-President shall file a declaration of intent to be a write-in candidate, along with a list of presidential electors pledged to those candidates, with the Secretary of State on or before the fourth Friday in October preceding the date of the regular election for those offices. The declaration of intent shall be filed no earlier than the first Wednesday after the first Monday in November of the year preceding the year the office will appear on the ballot, and no later than 4 p.m. local time at the place of filing when filed on the last date on which papers may be filed. Write-in votes cast for the candidates whose names appear on the ballot shall apply to the slate of pledged presidential electors, whose names shall not appear on the ballot.

(5) The county clerk shall provide to the precinct election officers certified lists of those persons who have filed declarations of intent as provided in subsections (2) and (3) of this section. ***These lists shall not be posted anywhere but a voter may request to see a copy of the list. Once the voter has reviewed the copy, it shall immediately be returned to the precinct election officer.*** Only write-in votes cast for qualified candidates shall be counted.

(6) Two (2) election officers of opposing parties shall upon the request of any voter instruct the voter on how to cast a write-in vote.

➔Section 10. KRS 117.275 is amended to read as follows:

(1) At the count of the votes in any precinct, any candidate or slate of candidates and any representatives to witness and check the count of the votes therein, who are authorized to be appointed as is provided in subsection ***(8)***~~[(9)]~~ of this section, shall be admitted and permitted to be present and witness the count.

(2) As soon as the polls are closed, and the last voter has voted, the judges at that time shall immediately lock and seal the voting equipment so that the voting and counting mechanisms will be prevented from operating, and they shall sign a certificate stating:

(a) That the voting equipment has been locked against voting and sealed;

(b) The number of voters, as shown on the public counters;

(c) The number registered on the protective or cumulative counter or device; and

(d) The number or other designation of the voting equipment.

The certificate, with any additional certificate previously prepared under KRS 117.035, shall be returned by the judges of election to the officials authorized by law to receive it. The judges shall compare the number of voters, as shown by the counter of the voting equipment, with the number of those who have voted as shown by the protective or cumulative counter or device.

(3) ~~[Where voting equipment is used which does not print the candidates' names along with the total votes received on a general return sheet or record for that equipment, the procedure to be followed shall be as follows:~~

~~(a) The judges, in the presence of the representatives mentioned in subsection (1) of this section, if any, and of all other persons who may be lawfully within the polling place, shall give full view of all the counter numbers;~~

~~(b) The judges shall enter, in ink, the total votes cast for each candidate, and slate of candidates, and for and against each question on the return sheets; and~~

~~(c) Each precinct election officer shall sign the return sheets, and a copy of the return sheets shall be posted on the precinct door.~~

~~(4)]~~Where voting equipment is used that prints the candidates' names along with the total votes received on a return sheet or record for that equipment, the precinct election officers shall sign the return sheets or record for the voting equipment, which shall be posted on the door of the precinct.

(4) ~~[(5)]~~ If any officer shall decline to sign the return sheets, he or she shall state the reason in writing, and a copy thereof, signed by the officer, shall be enclosed with the return sheets.

(5) ~~[(6)]~~ Each of the return sheets, if applicable, and the record of the voting equipment shall be enclosed in an envelope. One (1) copy of the return sheets, if applicable, one (1) copy of the record of the voting equipment, and the write-in roll, if any write-in votes were cast in the precinct, shall be directed to the county board of elections of the county in which the election is being held. One (1) copy of the return sheets or record of the voting equipment shall be given to the county clerk of the county in which the election is being held and to each of the local governing bodies of the two (2) dominant political parties, but a local governing body of a dominant political party may decline a copy of the precinct election return by filing a written declination with the county board of elections prior to the election, and upon this declination, a printed copy shall not be issued to the political party so declining. The declination on file shall be effective for that election and any subsequent elections until revoked by the local governing body of a dominant political party by filing a written revocation with the county board of elections. The envelope shall have endorsed thereon a certificate of the election officers, stating the number or unique designation of the voting equipment, the precinct where it has been used, the number on the seal, and the number on the protective or cumulative counter or device at the close of the polls.

(6) ~~[(7)]~~ During the period established by KRS 117.355(3), and following the tabulation of all votes cast in the election, including absentee votes and write-in votes:

(a) The county board of elections shall mail, transmit via facsimile machine, hand-deliver, or submit by electronic means a copy of the precinct-by-precinct summary of the tabulation sheets showing the results from each precinct to the State Board of Elections. The copy of the precinct-by-precinct summary of the tabulation sheets showing the results from each precinct shall include the votes cast on the day of an election and during absentee voting; and

(b) The county clerk shall mail or deliver the precinct signature rosters from each precinct and the in-person absentee ballot signature roster to the State Board of Elections.

(7) ~~[(8)]~~ For each voting location, as soon as possible after the completion of the count, the two (2) election officers who are not of the same political affiliation shall return to the county board of elections the keys to the voting equipment received and receipted for by them, and the county clerk, in each voting location, shall have the voting equipment properly boxed or securely covered and removed to a proper and secure place of storage.

(8) ~~[(9)]~~ In primaries, each candidate or group of candidates may designate to the county board of elections a representative to witness and check the vote count. In regular elections, the governing authority of each political party, each candidate for member of board of education, nonpartisan candidate, political group candidate, political organization candidate, independent candidate, or independent ticket may designate a representative to the county board of elections to witness and check the vote count. The county board of elections shall authorize representatives of the news media to witness the vote count.

(9) ~~[(10)]~~ For all federal provisional ballots, if applicable, and supplemental paper ballots if approved as provided in KRS 118.215, after the polls are closed, the two (2) judges shall return to the county clerk's office the locked federal provisional ballot receptacle and the supplemental paper ballot box, all ballot stubs, spoiled ballots, and unvoted ballots at the same time as the tabulation of votes from the voting equipment is delivered. The county clerk shall issue a receipt for the number of ballot stubs, unvoted ballots, spoiled ballots, and the ballot boxes or ballot receptacle.

(10) ~~[(11)]~~ The county board of elections, or its designee, shall count and tally the supplemental paper ballots that have not been tabulated by automatic tabulating equipment at the precinct, either manually or with the use of tabulating equipment that has been certified by the State Board of Elections for use for that purpose in the county clerk's office. The results of the vote tally shall be certified by the county board of elections to the county clerk and to the Secretary of State.

(11)~~[(12)]~~ The county board of elections shall tabulate the valid federal provisional ballots. The results of the vote tally shall be certified by the county board of elections to the county clerk and to the Secretary of State. The county board of elections shall mail a copy of the precinct-by-precinct summary of the valid federal provisional ballot tabulation sheets showing the results from each precinct to the State Board of Elections.

(12)~~[(13)]~~ The county board of elections shall authorize the candidates, slates of candidates, or their representatives, and representatives of the news media to be present during the counting of the supplemental and federal provisional paper ballots.

(13)~~[(14)]~~ No person shall transmit or publicize any tallies or counts of ballots, or any partial results, to any person except those persons, election officials, or entities authorized by law to receive it, until 6 p.m. prevailing time on the day of a primary or an election.

(14)~~[(15)]~~ (a) Unofficial election results transmitted online to the county board of elections or the State Board of Elections shall occur by means of a secure online connection after results are tallied on the tally computer that has been certified in accordance with KRS 117.379 as part of a voting system as defined in KRS 117.001.

(b) If an external device is used to upload election results for the subsequent transmission, the device shall be used for that primary or election only and be of a type approved by the State Board of Elections as part of a voting system under KRS 117.379. The upload of the election results shall occur in the presence of two (2) members of the county board of elections who are of a different political affiliation.

(15)~~[(16)]~~ Except as otherwise required in this chapter, all records and papers relating to specified elections shall be retained for twenty-two (22) months, and the county clerk shall retain the voted federal provisional ballots, voter affirmations, election official affirmations, and the supplemental paper ballots for twenty-two (22) months and the unvoted federal provisional ballots, the voter affirmations, election official affirmations, and the supplemental paper ballots for sixty (60) days after each election day, after which time they shall be destroyed in a manner to render them unreadable by the county board of elections if no contest or recount action has been filed.

➔Section 11. KRS 117.295 is amended to read as follows:

(1) For a period of thirty (30) days following any election, the voting equipment shall remain locked against voting, the ballot boxes containing all paper ballots shall remain locked, and the voting equipment and ballot boxes shall be under video surveillance. The system used to conduct the video surveillance shall have enough storage capacity to retain sixty (60) consecutive days of continuous recording data. A request under the Kentucky Open Records Act, KRS 61.870 to 61.884, for this video after an election shall be made during the sixty (60) consecutive days following the election, and the video may be disposed of after those sixty (60) days, or upon compliance with the Kentucky Open Records Act or the ***closure***~~[completion]~~ of an investigation or ***any litigation, including appeals***~~[pending litigation]~~ in a District, Circuit, or federal court, whichever is later.

(2) The voting equipment and the ballot boxes may be opened and all the data and figures therein examined:

(a) Upon the order of any court of competent jurisdiction, or judge thereof;

(b) By direction of any legislative committee or board authorized and empowered to investigate and report upon contested elections;

(c) By a county board of elections or its designee under the direction of the Secretary of State pursuant to a hand-to-eye recount as described in KRS 117.383; or

(d) As required to conduct a recount under KRS 120.157.

All the data and figures shall be examined by the court, judge, county board of elections, State Board of Elections, or committee in the presence of the officer having the custody of the voting equipment, ballots, and ballot boxes. In the event of a contest of election, the court in which the contest is pending or the committee before which the contest is being heard may, upon motion of any party to the contest, issue an order requiring that the voting equipment, ballots, and ballot boxes shall remain continuously locked for further time as may be reasonable or necessary, with due regard for the preparation of the voting equipment for a succeeding primary, regular election, or special election, but in no event shall the order compel that the voting equipment remain locked to a time within thirty (30) days next preceding any approaching primary, regular election, or special election.

(3) During the period when the voting equipment and the ballot boxes are required to be kept locked, the keys thereto shall remain in the possession of the county board of elections. After that period, it shall be the duty of the county board of elections to return the keys to the custody of the county clerk.

➔Section 12. KRS 117.355 is amended to read as follows:

(1) Within three (3) days after any primary or general election, the precinct election sheriff shall file a report with the chair of the county board of elections and with the local grand jury. The report shall include any irregularities observed and any recommendations for improving the election process.

(2) Within ten (10) days after any primary or general election, the county board of elections shall file a report with the State Board of Elections and the local grand jury. The report shall include any irregularities of which the county board has knowledge and any recommendations for improving the election process. The report shall also include a breakdown by precinct of the number of voters requiring assistance to vote and the reasons therefor; the number of special ballots cast by category; and any other information required by the state board.

(3) Within thirty (30) days after any primary or general election, the county board of elections shall transmit the information required by KRS 117.275***(3) to (6)***~~[(4) to (7)]~~.

(4) The State Board of Elections shall issue administrative regulations under KRS Chapter 13A to prescribe the forms required by this section.

➔Section 13. KRS 117.383 is amended to read as follows:

The State Board of Elections shall promulgate administrative regulations under KRS Chapter 13A which shall maintain the maximum degree of correctness, impartiality, and efficiency of the procedures of voting and shall provide methods to:

(1) Count, tabulate, and record votes;

(2) Place items on any ballot which shall, as closely as possible, follow the requirements pertaining to ballots;

(3) Design the ballots to include a system to ensure an accurate record of all voting activities;

(4) Instruct voters in the use of the voting system, including any ballot marking device;

(5) Provide for checking the accuracy of the voting system;

(6) Provide necessary supplies, including those necessary for a write-in vote, to ensure voter privacy;

(7) Provide for the conducting and review of an audit of any component of a voting system or any voting equipment, and a review of any audit log;

(8) Provide for the conducting and review of an election audit which shall establish the protocol by which ballots are checked, compared, and verified with the results produced by vote tallying equipment to ensure accuracy through a hand-to-eye ***audit***~~[recount]~~ defined and conducted as follows:

(a) To validate the accuracy and fidelity of the vote tabulation, the Secretary of State or his or her designee shall randomly select, in all counties of the Commonwealth, one (1) ballot scanner and one (1) race tabulated on that scanner for a hand-to-eye ***audit***~~[recount]~~ to be performed by each county board of elections or its designee;

(b) The sealed ballot boxes and signed tabulator tally tape or record from election day, as established in KRS 117.275, shall be provided by the county board of elections at an agreed upon location, and shall be accessible for public viewing. The sealed ballots are only to be unsealed in the presence of the county board of elections or its designee and public witnesses;

(c) A minimum of two (2) qualified poll workers, not of the same political party, shall be selected from lists of available volunteers, sworn in by the county board of elections or its designee to do the hand-to-eye ***audit***~~[recount]~~, and compensated at the local poll worker rate. A video recording device shall be used for recording the event and it may be streamed for public internet viewing***. A request under the Kentucky Open Records Act, KRS 61.870 to 61.884, for this video after an election shall be made during the sixty (60) consecutive days following the election, and the video may be disposed of after those sixty (60) days, or upon compliance with the Kentucky Open Records Act or the closure of an investigation or any litigation, including appeals, in a District, Circuit, or federal court, whichever is later***;

(d) Ballots are to be aligned for stacking as needed, then viewed one (1) at a time, with each volunteer making a tally mark on a tally sheet for each vote cast for each candidate. Any ballots that are disputed or unclearly marked shall be set aside and the county board of elections or its designee shall determine voter intent;

(e) Once the hand-to-eye ***audit***~~[recount]~~ is completed, each volunteer shall add up the tally marks for each candidate, write down a total number of votes for each candidate, and sign the tally sheet. The county board of elections or its designee shall verify if the two (2) separate hand-to-eye tallies match. If the two (2) hand-to-eye tallies do not match each other, the process must be repeated until the totals are matching. Once this occurs, the county board of elections or its designee shall also verify the tallies by signing each tally sheet. Then, the ballots must be returned to the ballot box and resealed in the presence of the county board of elections or its designee and public witnesses;

(f) The county board of elections or its designee shall compare the signed register tape total from the vote tabulation machine on election day to the hand-to-eye tallies. If there is a discrepancy between the machine count and the hand-to-eye ***audit***~~[recount]~~, other than instances of voter intent markings outside the designated marking area on the paper ballot that were unreadable by the scanner, or unscanned overvotes resulting from two (2) or more voter intent marks on the same race, the county board of elections or its designee shall open an election investigation including a review of election day irregularity reports. If more discrepancies are found, the county board of elections or its designee shall broaden the investigation until the reason for the discrepancy is discovered and subsequently resolved. A determination as to whether the outcome of the race could have been impacted by the discrepancies shall be made and any findings shall be reported to the Attorney General and Secretary of State; and

(g) The county board of elections or its designee shall examine the electronic or paper sign-in records from the precinct or vote center and validate that the ballots cast and recounted were less than or equal to the sign-in records for that precinct or vote center. If the cast ballots for the precinct or vote center exceed the number of voters on the sign-in records for the precinct or vote center, the county board of elections shall open an election investigation and report the findings to the Attorney General and Secretary of State;

(9) Provide a method for maintaining sufficient documents, including ballots and records, so that votes can be recounted;

(10) Ensure the county board of elections produces accurate precinct-by-precinct summaries of tabulation sheets showing the results of each precinct during in-person absentee voting, election day voting, and when a county is approved to use a vote center;

(11) Except as otherwise required in this chapter, all records and papers relating to specified elections be retained for twenty-two (22) months, such documents and records shall be maintained for thirty (30) days following an election; and

(12) Unless contrary to the Help America Vote Act of 2002, ensure that all federal provisional voting shall be conducted in a manner as prescribed by KRS Chapters 116 to 120.

➔Section 14. KRS 118.125 is amended to read as follows:

(1) Except as provided in KRS 118.155, any person who is qualified under the provisions of KRS 116.055 to vote in any primary for the candidates for nomination by the party at whose hands he or she seeks the nomination, shall have his or her name printed on the official ballot of his or her party for an office to which he or she is eligible in that primary, upon filing, with the Secretary of State or county clerk, as appropriate, at the proper time, a notification and declaration.

(2) The notification and declaration shall be in the form prescribed by the State Board of Elections. It shall be signed by the candidate and by not less than two (2) registered voters***, who at the time of signing are*** of the same party ***as the candidate and*** from the district or jurisdiction from which the candidate seeks nomination. Signatures for nomination papers shall not be affixed on the document to be filed prior to the first Wednesday after the first Monday in November of the year preceding the year in which the office will appear on the ballot. The notification and declaration for a candidate shall include the following oath:

"For the purpose of having my name placed on the official primary election ballot as a candidate for nomination by the ------ Party, I, ------ (name in full as desired on the ballot as provided in KRS 118.129), do solemnly swear that my ***date of birth is ----- (month/day/year), that my*** residence address is ----- (street, route, highway, city if applicable, county, state, and zip code), that my mailing address, if different, is ----- (post

office address), and that I am a registered ------ (party) voter; that I believe in the principles of the ------ Party, and intend to support its principles and policies; that I meet all the statutory and constitutional qualifications for the office which I am seeking; that if nominated as a candidate of such party at the ensuing election I will accept the nomination and not withdraw for reasons other than those stated in KRS 118.105(3); that I will not knowingly violate any election law or any law relating to corrupt and fraudulent practice in campaigns or elections in this state, and if finally elected I will qualify for the office."

The declaration shall be subscribed and sworn to before an officer authorized to administer an oath by the candidate and by the two (2) voters making the declaration and signing the candidate's petition for office.

(3) When the notice and declaration has been filed with the Secretary of State or county clerk, as appropriate, and certified according to KRS 118.165, the Secretary of State or county clerk, as appropriate, shall have the candidate's name printed on the ballot according to the provisions of this chapter, except as provided in KRS 118.185.

(4) Titles, ranks, or spurious phrases shall not be accepted on the filing papers and shall not be printed on the ballots as part of the candidate's name; however, nicknames, initials, and contractions of given names may be acceptable as the candidate's name.

➔Section 15. KRS 118.165 is amended to read as follows:

(1) Except as provided in KRS Chapters 116 to 121, candidates for offices to be voted for by the electors of one (1) county or of a district less than one (1) county, except members of Congress and members of the General Assembly, shall file their nomination papers with the county clerk of the county not earlier than the first Wednesday after the first Monday in November of the year preceding the year the office will appear on the ballot and not later than the first Friday following the first Monday in January preceding the day fixed by law for holding the primary. ***All nomination papers shall be filed no later than 4 p.m. local time at the place of filing when filed on the last date on which the papers may be filed.***

(2) Candidates for offices to be voted for by the electors of more than one (1) county, and for members of Congress and members of the General Assembly, shall file their nomination papers with the Secretary of State not earlier than the first Wednesday after the first Monday in November of the year preceding the year the office will appear on the ballot and not later than the first Friday following the first Monday in January preceding the day fixed by law for holding the primary. Signatures for nomination papers shall not be affixed on the document to be filed prior to the first Wednesday after the first Monday in November of the year preceding the year in which the office will appear on the ballot. All nomination papers shall be filed no later than 4 p.m. local time at the place of filing when filed on the last date on which the papers may be filed.

(3) The Secretary of State or the county clerk shall examine the notification and declaration form of each candidate to determine whether it is regular on its face. If there is an error, the proper officer shall notify the candidate by certified mail within twenty-four (24) hours of filing.

(4) A judge who elected to retire as a Senior Status Special Judge in accordance with KRS 21.580 shall not become a candidate or a nominee for any elected office during the five (5) year term prescribed in KRS 21.580(1)(a)1., regardless of the number of days served by the judge acting as a Senior Status Special Judge.

➔Section 16. KRS 118.205 is amended to read as follows:

(1) The Secretary of State and the county clerk of each county within this state shall each keep a book titled "Register of Candidates for Nomination in the Primary." The Secretary of State and each county clerk shall enter on different pages of the book for the different political parties, the title of office sought, ***the district number of the office sought, if applicable,*** the name~~[and residence]~~ of each candidate for nomination in the primary, ***his or her email address or post office box address,*** the name of his or her political party, and the date of receiving his or her nomination papers. The book shall be so kept that the names of all candidates of the same political party shall be on the same or successive pages and the names of candidates of no two (2) political parties shall appear on the same page. The books shall be public records.

(2) The county clerk of each county, within five (5) business days following the date of receiving a candidate's nomination papers, shall:

(a) Transmit a candidate's information derived from subsection (1) of this section to the Secretary of State; and

(b) Prominently display a candidate's information derived from subsection (1) of this section on the clerk's official ***website***~~[Web site]~~.

(3) The Secretary of State shall prominently display a candidate's information, derived from subsection (1) of this section, on the Secretary of State's official ***website*** ~~[Web site]~~ within five (5) business days following the date of receiving a candidate's nomination papers or within five (5) days following the receipt of a candidate's information supplied by the county clerk, whichever is applicable. The information displayed shall be derived from the Secretary's book and from each book held by the county clerk of each county within this state.

➔Section 17. KRS 118.212 is amended to read as follows:

(1) If, before the time of certification of candidates who will appear on the ballot provided in KRS 118.215, any candidate whose notification and declaration or certificate or petition of nomination has been filed in the office of the Secretary of State dies or notifies the Secretary of State in writing, signed and properly notarized that he will not accept the nomination or election, the Secretary of State shall not certify his name.

(2) If, after the certification of candidates who will appear on the ballot ***as provided in Section 18 of this Act***, any candidate whose notification and declaration or certificate or petition of nomination has been filed in the office of the county clerk dies or notifies the clerk, in the manner described in subsection (1) of this section, that he will not accept the nomination or election, the clerk shall ensure that notice is provided to the appropriate precincts as provided in subsection (5) of this section.

(3) If, after the certification of candidates who will appear on the ballot ***as provided in Section 18 of this Act***, any candidate whose notification and declaration or certificate or petition of nomination has been filed in the office of the Secretary of State dies or notifies the Secretary of State in the manner described in subsection (1) of this section, that he will not accept the nomination or election, the Secretary of State shall immediately notify the appropriate county clerk, and the clerk shall ensure that notice is provided to the appropriate precincts as provided in subsection (5) of this section.

(4) If, after the certification of candidates who will appear on the ballot ***as provided in Section 18 of this Act***, any candidate whose name appears on the ballot shall officially withdraw or die, neither the precinct election officers nor the county board of elections shall tabulate or record the votes cast for the candidate; and, if there is only one (1) remaining candidate on the ballot for that office in a primary election, following the withdrawal or death of the other candidate or candidates, neither the precinct election officers nor the county board of elections shall tabulate or record the votes for the remaining candidate, and the officer with whom the remaining candidate has filed his or her nomination papers shall immediately issue and file in his or her office a certificate of nomination for that remaining candidate and send a copy to the remaining candidate.

(5) If, after the certification of candidates who will appear on the ballot ***as provided in Section 18 of this Act***, any candidate whose name appears on the ballot shall officially withdraw or die, the county clerk shall provide a notice to the precinct election officers who shall see that the notice is conspicuously displayed at the polling place advising voters of the change, and that votes for the candidate shall not be tabulated or recorded. If the county clerk learns of the death or withdrawal at least five (5) days prior to the election and provides the notice required by this subsection and the precinct officers fail to post the notice at the polling place, the precinct officers shall be guilty of a violation subject to a fine of not less than ten dollars ($10) nor more than two hundred fifty dollars ($250).

➔Section 18. KRS 118.215 is amended to read as follows:

(1) After the order of the names has been determined as provided in KRS 118.225, the Secretary of State shall certify, to the county clerks of the respective counties entitled to participate in the nomination or election of the respective candidates, the name, ***the email address or post office box address, the office sought, the district number of the office sought, if applicable*** ~~[place of residence]~~, and party of each candidate or slate of candidates for each office, as specified in the nomination papers or certificates and petitions of nomination filed with him or her, and shall designate the device with which the candidate groups, slates of candidates, or lists of candidates of each party shall be printed, in the order in which they are to appear on the ballot, with precedence to be given to the party that polled the highest number of votes at the preceding election for presidential electors, followed by the political party which received the second highest number of votes, with the order of any other political parties and independents to be determined by lot. Candidates for county offices and local state offices shall be listed in the following order: Commonwealth's attorney, circuit clerk, property valuation administrator, county judge/executive, county attorney, county clerk, sheriff, jailer, county commissioner, coroner, justice of the peace, and constable. The names of candidates for President and Vice President shall be certified in lieu of certifying the names of the candidates for presidential electors. The names shall be certified as follows:

(a) Not later than the third Monday after the filing deadline for the primary as established in KRS 83A.045, 118.165, and 118A.060;

(b) Not later than the fourth Monday in August, except as provided in paragraph (c) of this subsection; and

(c) Not later than the Monday after the Friday following the first Tuesday in September preceding a regular election, for those years in which there is an election for President and Vice President of the United States.

(2) Except as otherwise provided in subsection (3) of this section, all independent candidates or slates of candidates whose nominating petitions are filed with the county clerk or the Secretary of State shall be listed under the title and device designated by them as provided in KRS 118.315, or if none is designated, under the word "independent," and shall be placed on the ballot in a separate column or columns or in a separate line or lines according to the office which they seek. The order in which independent candidates or slates of candidates shall appear on the ballot shall be determined by lot by the county clerk. If the same device is selected by two (2) groups of petitioners, it shall be given to the first selecting it and the county clerk shall permit the other group to select a suitable device. This section shall not apply to candidates for municipal offices which come under subsection (3) of this section.

(3) The ballots used at any election in which city officers are to be elected as provided in subsection (2) of this section shall contain the names of candidates for the city offices grouped according to the offices they seek, and the candidates shall be immediately arranged with and designated by the title of office they seek. The order in which the names of the candidates for each office are to be printed on the ballot shall be determined by lot. Each group of candidates for each separate office for which the candidates are to be elected shall be clearly separated from other groups on the ballot and spaced to avoid confusion on the part of the voter.

(4) The Secretary of State shall not knowingly certify to the county clerk of any county the name of any candidate or slate of candidates who has not filed the required nomination papers, nor knowingly fail to certify the name of any candidate or slate of candidates who has filed the required nomination papers.

(5) If the county clerk determines that the number of certified candidates or slates of candidates cannot be placed on a ballot which can be accommodated by the voting equipment currently in use by the county, he or she shall so notify the State Board of Elections not later than the last Tuesday in February preceding the primary or the last Tuesday in August preceding the regular election. The State Board of Elections shall meet within five (5) days of the notice, review the ballot conditions, and determine whether supplemental paper ballots are necessary for the election. Upon approval of the State Board of Elections, supplemental paper ballots may be used for nonpartisan candidates or slates of candidates for an office or offices and public questions submitted for a yes or no vote. All candidates or slates of candidates for any particular office shall be placed either on the ballot or on the supplemental paper ballot. Supplemental paper ballots may also be used to conduct the voting, in the instance of a small precinct as provided in KRS 117.066.

(6) The ballot position of a candidate or slate of candidates shall not be changed after the ballot position has been designated by the county clerk.

➔Section 19. KRS 118.315 is amended to read as follows:

(1) A candidate for any office to be voted for at any regular election may be nominated by a petition of electors qualified to vote for him or her, complying with the provisions of subsection (2) of this section. No person whose registration status is as a registered member of a political party shall be eligible to election as an independent, or political organization, or political group candidate, nor shall any person be eligible to election as an independent, or political organization, or political group candidate whose registration status was as a registered member of a political party on January 1 immediately preceding the regular election for which the person seeks to be a candidate. This restriction shall not apply to candidates to those offices specified in KRS 118.105(6), for supervisor of a soil and water conservation district, for candidates for mayor or legislative body in cities of the home rule class, or to candidates participating in nonpartisan elections.

(2) The form of the petition shall be prescribed by the State Board of Elections. It shall be signed by the candidate and by registered voters from the district or jurisdiction from which the candidate seeks nomination. The petition shall include a declaration, sworn to by the candidate, that he or she possesses all the constitutional and statutory requirements of the office for which the candidate has filed. Signatures for a petition of nomination for a candidate seeking any office, excluding President of the United States in accordance with KRS 118.591(1), shall not be affixed on the document to be filed prior to the first Wednesday after the first Monday in November of the year preceding the year in which the office will appear on the ballot. Signatures for nomination papers shall not be affixed on the document to be filed prior to the first Wednesday after the

first Monday in November of the year preceding the year in which the office will appear on the ballot. A petition of nomination for a state officer, or any officer for whom all the electors of the state are entitled to vote, shall contain five thousand (5,000) petitioners; for a representative in Congress from any congressional district, or for any officer from any other district except as herein provided, four hundred (400) petitioners; for a county officer, member of the General Assembly, or Commonwealth's attorney, one hundred (100) petitioners; for a soil and water conservation district supervisor, twenty-five (25) petitioners; for a city officer or board of education member, two (2) petitioners; and for an officer of a division less than a county, except as herein provided, twenty (20) petitioners. It shall not be necessary that the signatures of the petition be appended to one (1) paper. Each petitioner shall include the date he or she affixes the signature, address of residence, and date of birth. Failure of a voter to include the signature affixation date, date of birth, and address of residence shall result in the signature not being counted. ***A petitioner for the nomination of a candidate***~~[If any person joins in nominating, by petition, more than one (1) nominee for any office to be filled, he or she shall be counted as a petitioner for the candidate whose petition is filed first, except a petitioner for the nomination of candidates for soil and water conservation district supervisors]~~ may be counted for every petition to which his or her signature is affixed.

(3) Titles, ranks, or spurious phrases shall not be accepted on the filing papers and shall not be printed on the ballots as part of the candidate's name; however, nicknames, initials, and contractions of given names may be accepted as the candidate's name.

(4) The Secretary of State and county clerks shall examine the petitions of all candidates who file with them to determine whether each petition is regular on its face. If there is an error, the Secretary of State or the county clerk shall notify the candidate by certified mail within twenty-four (24) hours of filing.

(5) A judge who elected to retire as a Senior Status Special Judge in accordance with KRS 21.580 shall not become a candidate or a nominee for any elected office during the five (5) year term prescribed in KRS 21.580(1)(a)1., regardless of the number of days served by the judge acting as a Senior Status Special Judge.

➔Section 20. KRS 118.387 is amended to read as follows:

The county clerk of each county and the Secretary of State shall prominently display on his or her official ***website***~~[Web site]~~, the candidates, ***the email address or post office box address, the office sought, the district number of the office sought, if applicable***~~[place of residence of each candidate]~~, and the political affiliation of each ***partisan*** candidate, who is on the ballot for any regular election. The posting required by this section shall occur at least fifty (50) days before a regularly scheduled election and forty-five (45) days before a special election.

➔Section 21. KRS 118.425 is amended to read as follows:

(1) The State Board of Elections shall issue certificates of election where the successful candidate was voted for by the state at large, was voted for by a district greater than one (1) county, or was a candidate for member of Congress or the General Assembly.

(2) Except as provided in subsection (3) of this section, not later than the second Monday after the election, the county board of elections shall issue certificates of election where the successful candidate was voted for by the electors of one (1) county, or of a district less than one (1) county, except members of Congress, members of the General Assembly, and designated officers filing with the Secretary of State. The right to contest or recount an election in accordance with KRS Chapter 120 shall not be impaired. The county board of elections of the candidate's residence shall issue certificates of election where the successful candidate was voted for by the electors of a city or school district whose boundaries extend beyond those of a single county. The board shall forward the certificate to the elected candidate. If the board finds that two (2) or more candidates have received the highest and equal number of votes for the same office, the board shall determine by lot which of the candidates is elected.

(3) In counties containing cities of the first class, not later than the thirtieth day of December after the election, the county board of elections shall issue certificates of election where the successful candidate was voted for by the electors of the county, except members of Congress, members of the General Assembly, and designated officers filing with the Secretary of State. The right to contest or recount an election in accordance with KRS Chapter 120 shall not be impaired. The county board of elections of the candidate's residence shall issue certificates of election where the successful candidate was voted for by the electors of a city whose boundaries extend beyond those of a single county. The board shall forward the certificate to the elected candidate. If the board finds that two (2) or more candidates have received the highest and equal number of votes for the same office, the board shall determine by lot which of the candidates is elected.

(4) In the case of all offices voted for, and in the case of public questions submitted to the vote of the people of the state at large or of a district greater than one (1) county, the county board of elections shall make out duplicate certificates of the total number of votes received by each of the candidates for the office and the total number of votes for and against each of the questions on a form prescribed by the State Board of Elections through the promulgation of administrative regulations in accordance with KRS Chapter 13A. The certificate of the total number of votes shall be certified to the Secretary of State's Office ***following the conclusion of the hand-to-eye audit established in Section 13 of this Act and*** not later than 12 p.m., prevailing time, on the ***Tuesday***~~[Friday]~~ following ***all elections***~~[the election. For special elections the certificate of the total number of votes shall be certified to the Secretary of State's Office not later than 12 p.m., prevailing time, on the day following the election]~~. The clerk shall keep one (1) of the certificates in his or her office. He or she shall not later than three (3) days after receiving the certificate from the board, forward the other certificate by mail to the Secretary of State who shall deliver it to the State Board of Elections.

(5) The State Board of Elections shall meet, to count and tabulate the votes received by the different candidates as certified to the Secretary of State no later than the third Monday after the election. The right to contest or recount an election in accordance with KRS Chapter 120 shall not be impaired. A majority of the members of the board shall constitute a quorum and may act. The board shall make out the certificates of election in the office of the board from the returns made. The board shall make out duplicate certificates of election, in writing, over the signatures of its members. The board shall forward the original certificate, by mail, to the elected candidate. The duplicate shall be retained in the office of the board. In the case of the election of a representative in Congress, an additional certificate shall be made and sent, by mail, to the clerk of the House of Representatives.

(6) The certificate of election shall be issued to the candidate receiving the highest number of votes in the territory from which the election is to be made. If two (2) or more persons are found to have received the highest and an equal number of votes for the same office, the election shall be determined by lot in the manner the board directs, in the presence of not less than three (3) other persons. In the case of elections for electors of President and Vice President of the United States, the board shall issue a certificate of election to each elector of the political party or organization whose candidates for President and Vice President received the highest number of votes and the determination by the board that the candidates of any political party or organization for President and Vice President have received the highest number of votes shall constitute a determination that the electors nominated by that party have been elected.

➔Section 22. KRS 118A.140 is amended to read as follows:

(1) The Secretary of State shall keep a book entitled "Register of Candidates for Nomination to Offices of the Court of Justice." The Secretary of State shall enter in that book the name***, the email address or post office box address, the office sought, and the district number of the office sought, if applicable,***~~[and place of residence]~~ of each candidate for nomination to the office of justice or judge in the primary, the date of receipt of his or her nomination papers, and petitions for candidacy filed pursuant to KRS 118A.100. The book shall be a public record.

(2) The Secretary of State shall prominently display a candidate's information derived from subsection (1) of this section on the Secretary of State's official ***website***~~[Web site]~~ within five (5) business days following the date of receiving a candidate's nomination papers and petitions for candidacy of each candidate.

➔Section 23. KRS 119.165 is amended to read as follows:

(1) Any person who falsely personates a registered voter, and receives and casts a ballot by means of such personation, shall be guilty of a Class D felony. An attempt at such personation shall constitute a Class A misdemeanor.

(2) Any person who, by means other than falsely personating a registered voter, votes at an election in this state when he is a resident of another state or country, or votes more than once at an election, or votes by use of the naturalization papers of another person, shall be guilty of a Class D felony. Any person who knowingly votes or attempts to vote in a precinct other than the one in which he resides shall be guilty of a Class A misdemeanor, unless by voting in a precinct in which he does not live he is enabled to vote in a race or on a matter in which he could not vote in his proper precinct in which case he shall be guilty of a Class D felony. Any person who lends or hires his or another's naturalization papers to be used for the purpose of voting shall be subject to the same penalty.

(3) Any person~~[lawfully registered to vote]~~ who ***has been***~~[is then]~~ convicted of a felony offense and has not previously been restored to their voting rights who then knowingly votes or attempts to vote shall be guilty of a Class D felony.

(4) Any resident of this state who, by means other than falsely personating a registered voter, votes at a regular or special election before he has resided in this state thirty (30) days, or in the county and precinct where the election is held the time required by law, or before he has attained full age, or before he has become a citizen, shall be guilty of a Class B misdemeanor.

(5) Any person who, by means other than falsely personating a registered voter, votes in a primary election knowing that he is not qualified as provided in KRS 116.055, shall be guilty of a violation.

(6) Any person who applies for or receives a ballot at any voting place other than the one at which he is entitled to vote, under circumstances not constituting a violation of any of the provisions of subsections (1) to (3) of this section, shall be guilty of a Class A misdemeanor.

➔Section 24. KRS 158.070 is amended to read as follows:

(1) As used in this section:

(a) "Election" has the same meaning as in KRS 121.015;

(b) "Minimum school term" or "school term" means not less than one hundred eighty-five (185) days composed of the student attendance days, teacher professional days, and holidays;

(c) "School calendar" means the document adopted by a local board of education that establishes the minimum school term, student instructional year or variable student instructional year, and days that school will not be in session;

(d) "School district calendar committee" means a committee that includes at least the following:

1. One (1) school district principal;

2. One (1) school district office administrator other than the superintendent;

3. One (1) member of the local board of education;

4. Two (2) parents of students attending a school in the district;

5. One (1) school district elementary school teacher;

6. One (1) school district middle or high school teacher;

7. Two (2) school district classified employees; and

8. Two (2) community members from the local chamber of commerce, business community, or tourism commission;

(e) "Student attendance day" means any day that students are scheduled to be at school to receive instruction, and encompasses the designated start and dismissal time;

(f) "Student instructional year" means at least one thousand sixty-two (1,062) hours of instructional time for students delivered on not less than one hundred seventy (170) student attendance days;

(g) "Teacher professional day" means any day teachers are required to report to work as determined by a local board of education, with or without the presence of students; and

(h) "Variable student instructional year" means at least one thousand sixty-two (1,062) hours of instructional time delivered on the number of student attendance days adopted by a local board of education which shall be considered proportionally equivalent to one hundred seventy (170) student attendance days and calendar days for the purposes of a student instructional year, employment contracts that are based on the school term, service credit under KRS 161.500, and funding under KRS 157.350.

(2) (a) The local board of education, upon recommendation of the local school district superintendent, shall annually appoint a school district calendar committee to review, develop, and recommend school calendar options.

(b) The school district calendar committee, after seeking feedback from school district employees, parents, and community members, shall recommend school calendar options to the local school district

superintendent for presentation to the local board of education. The committee's recommendations shall comply with state laws and regulations and consider the economic impact of the school calendar on the community and the state.

(c) Prior to adopting a school calendar, the local board of education shall hear for discussion the school district calendar committee's recommendations and the recommendation of the superintendent at a meeting of the local board of education.

(d) During a subsequent meeting of the local board of education, the local board shall adopt a school calendar for the upcoming school year that establishes the opening and closing dates of the school term, beginning and ending dates of each school month, student attendance days, and days on which schools shall be dismissed. The local board may schedule days for breaks in the school calendar that shall not be counted as a part of the minimum school term.

(e) For local board of education meetings described in paragraphs (c) and (d) of this subsection, if the meeting is a regular meeting, notice shall be given to media outlets that have requests on file to be notified of special meetings stating the date of the regular meeting and that one (1) of the items to be considered in the regular meeting will be the school calendar. The notice shall be sent at least twenty-four (24) hours before the regular meeting. This requirement shall not be deemed to make any requirements or limitations relating to special meetings applicable to the regular meeting.

(f) A local school board of education that adopts a school calendar with the first student attendance day in the school term starting no earlier than the Monday closest to August 26 may use a variable student instructional year. Districts may set the length of individual student attendance days in a variable student instructional schedule, but no student attendance day shall contain more than seven (7) hours of instructional time unless the district submitted and received approval from the commissioner of education for an innovative alternative calendar.

(3) (a) Each local board of education shall use four (4) days of the minimum school term for professional development and collegial planning activities for the professional staff without the presence of students pursuant to the requirements of KRS 156.095. At the discretion of the superintendent, one (1) day of professional development may be used for district-wide activities and for training that is mandated by federal or state law. The use of three (3) days shall be planned by each school council, except that the district is encouraged to provide technical assistance and leadership to school councils to maximize existing resources and to encourage shared planning.

(b) At least one (1) hour of self-study review of seizure disorder materials shall be required for all principals, guidance counselors, and teachers hired after July 1, 2019.

(c) 1. A local board may approve a school's flexible professional development plan that permits teachers or other certified personnel within a school to participate in professional development activities outside the days scheduled in the school calendar or the regularly scheduled hours in the school work day and receive credit towards the four (4) day professional development requirement within the minimum one hundred eighty-five (185) days that a teacher shall be employed.

2. A flexible schedule option shall be reflected in the school's professional development component within the school improvement plan and approved by the local board. Credit for approved professional development activities may be accumulated in periods of time other than full day segments.

3. No teacher or administrator shall be permitted to count participation in a professional development activity under the flexible schedule option unless the activity is related to the teacher's classroom assignment and content area, or the administrator's job requirements, or is required by the school improvement plan, or is tied to the teacher's or the administrator's individual growth plan. The supervisor shall give prior approval and shall monitor compliance with the requirements of this paragraph. In the case of teachers, a professional development committee or the school council by council policy may be responsible for reviewing requests for approval.

(d) The local board of each school district may use up to a maximum of four (4) days of the minimum school term for holidays; provided, however, any holiday which occurs on Saturday may be observed on the preceding Friday.

(e) Each local board may use two (2) days for planning activities without the presence of students.

(f) Each local board may close schools for the number of days deemed necessary for:

1. National or state emergency or mourning when proclaimed by the President of the United States or the Governor of the Commonwealth of Kentucky;

2. Local emergency which would endanger the health or safety of children; and

3. Mourning when so designated by the local board of education and approved by the Kentucky Board of Education upon recommendation of the commissioner of education.

(4) (a) The Kentucky Board of Education, upon recommendation of the commissioner of education, shall adopt administrative regulations governing the use of student attendance days as a result of a local emergency, as described in subsection (3)(f)2. of this section, and regulations setting forth the guidelines and procedures to be observed for the approval of waivers from the requirements of a student instructional year in subsection (1)(f) of this section for districts that wish to adopt innovative instructional calendars, or for circumstances that would create extreme hardship.

(b) If a local board of education amends its school calendar after its adoption due to an emergency, it may lengthen or shorten any remaining student attendance days by thirty (30) minutes or more, as it deems necessary, provided the amended calendar complies with the requirements of a student instructional year in subsection (1)(f) of this section or a variable student instructional year in subsection (1)(h) of this section. No student attendance day shall contain more than seven (7) hours of instructional time unless the district submitted and received approval from the commissioner of education for an innovative alternative calendar.

(5) (a) 1. In setting the school calendar, school may be closed for two (2) consecutive days for the purpose of permitting professional school employees to attend statewide professional meetings.

2. These two (2) days for statewide professional meetings may be scheduled to begin with the first Thursday after Easter, or upon request of the statewide professional education association having the largest paid membership, the commissioner of education may designate alternate dates.

3. If schools are scheduled to operate during days designated for the statewide professional meeting, the school district shall permit employees who are delegates to attend as compensated professional leave time and shall employ substitute teachers in their absence.

4. The commissioner of education shall designate one (1) additional day during the school year when schools may be closed to permit professional school employees to participate in regional or district professional meetings.

5. These three (3) days so designated for attendance at professional meetings may be counted as a part of the minimum school term.

(b)~~[1.]~~ If any school in a district is used as a ***voting***~~[polling]~~ place ***pursuant to Section 2 of this Act***, the school district ***may***~~[shall]~~ be closed on the ***days***~~[day]~~ of the election, and those days may be used for professional development activities, professional meetings, or parent-teacher conferences.~~[~~

~~2. A district may be open on the day of an election if no school in the district is used as a polling place.]~~

(c) All schools shall be closed on the third Monday of January in observance of the birthday of Martin Luther King, Jr. Districts may:

1. Designate the day as one (1) of the four (4) holidays permitted under subsection (3)(d) of this section; or

2. Not include the day in the minimum school term specified in subsection (1) of this section.

(6) (a) The Kentucky Board of Education, or the organization or agency designated by the board to manage interscholastic athletics, shall be encouraged to schedule athletic competitions outside the regularly scheduled student attendance day.

(b) Any member of a school-sponsored interscholastic athletic team who competes in a regional tournament or state tournament sanctioned by the Kentucky Board of Education, or the organization or agency designated by the board to manage interscholastic athletics, and occurring on a regularly scheduled student attendance day may be counted present at school on the date or dates of the competition, as

determined by local board policy, for a maximum of two (2) days per student per year. The student shall be expected to complete any assignments missed on the date or dates of the competition.

(c) The school attendance record of any student for whom paragraph (b) of this subsection applies shall indicate that the student was in attendance on the date or dates of competition.

(7) Schools shall provide continuing education for those students who are determined to need additional time to achieve the outcomes defined in KRS 158.6451, and schools shall not be limited to the minimum school term in providing this education. Continuing education time may include extended days, extended weeks, or extended years. A local board of education may adopt a policy requiring its students to participate in continuing education. The local policy shall set out the conditions under which attendance will be required and any exceptions which are provided. The Kentucky Board of Education shall promulgate administrative regulations establishing criteria for the allotment of grants to local school districts and shall include criteria by which the commissioner of education may approve a district's request for a waiver to use an alternative service delivery option, including providing services during the student attendance day on a limited basis. These grants shall be allotted to school districts to provide instructional programs for pupils who are identified as needing additional time to achieve the outcomes defined in KRS 158.6451. A school district that has a school operating a model early reading program under KRS 158.792 may use a portion of its grant money as part of the matching funds to provide individualized or small group reading instruction to qualified students outside of the regular classroom during the student attendance day.

(8) Notwithstanding any other statute, each school term shall include no less than the equivalent of the student instructional year in subsection (1)(f) of this section, or a variable student instructional year in subsection (1)(h) of this section, except that the commissioner of education may grant up to the equivalent of ten (10) student attendance days for school districts that have a nontraditional instruction plan approved by the commissioner of education on days when the school district is closed for health or safety reasons. The district's plan shall indicate how the nontraditional instruction process shall be a continuation of learning that is occurring on regular student attendance days. Instructional delivery methods, including the use of technology, shall be clearly delineated in the plan. Average daily attendance for purposes of Support Education Excellence in Kentucky program funding during the student attendance days granted shall be calculated in compliance with administrative regulations promulgated by the Kentucky Board of Education.

(9) The Kentucky Board of Education shall promulgate administrative regulations to prescribe the conditions and procedures for districts to be approved for the nontraditional instruction program. Administrative regulations promulgated by the board under this section shall specify:

(a) The application, plan review, approval, and amendment process;

(b) Reporting requirements for districts approved for the program, which may include but are not limited to examples of student work, lesson plans, teacher work logs, and student and teacher participation on nontraditional instruction days. Documentation to support the use of nontraditional instruction days shall include clear evidence of learning continuation;

(c) Timelines for initial approval as a nontraditional instruction district, length of approval, the renewal process, and ongoing evaluative procedures required of the district;

(d) Reporting and oversight responsibilities of the district and the Kentucky Department of Education, including the documentation required to show clear evidence of learning continuation during nontraditional instruction days; and

(e) Other components deemed necessary to implement this section.

(10) Notwithstanding the provisions of KRS 158.060(3) and the provisions of subsection (2) of this section, a school district shall arrange bus schedules so that all buses arrive in sufficient time to provide breakfast prior to the beginning of the student attendance day. The superintendent of a school district that participates in the Federal School Breakfast Program may also authorize up to fifteen (15) minutes of the student attendance day to provide the opportunity for children to eat breakfast during instructional time.

(11) Notwithstanding any other statute to the contrary, the following provisions shall apply to a school district that misses student attendance days due to emergencies, including weather-related emergencies:

(a) A certified school employee shall be considered to have fulfilled the minimum one hundred eighty-five (185) day contract with a school district under KRS 157.350 and shall be given credit for the purpose of calculating service credit for retirement under KRS 161.500 for certified school personnel if:

1. State and local requirements under this section are met regarding the equivalent of the number and length of student attendance days, teacher professional days, professional development days, holidays, and days for planning activities without the presence of students; and

2. The provisions of the district's school calendar to make up student attendance days missed due to any emergency, as approved by the Kentucky Department of Education when required, including but not limited to a provision for additional instructional time per day, are met.

(b) Additional time worked by a classified school employee shall be considered as equivalent time to be applied toward the employee's contract and calculation of service credit for classified employees under KRS 78.615 if:

1. The employee works for a school district with a school calendar approved by the Kentucky Department of Education that contains a provision that additional instructional time per day shall be used to make up full days missed due to an emergency;

2. The employee's contract requires a minimum six (6) hour work day; and

3. The employee's job responsibilities and work day are extended when the instructional time is extended for the purposes of making up time.

(c) Classified employees who are regularly scheduled to work less than six (6) hours per day and who do not have additional work responsibilities as a result of lengthened student attendance days shall be excluded from the provisions of this subsection. These employees may be assigned additional work responsibilities to make up service credit under KRS 78.615 that would be lost due to lengthened student attendance days.

Veto Overridden March 27, 2025.

CHAPTER 126

(HB 694)

AN ACT relating to Teachers' Retirement System benefit funding.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS 161.220 TO 161.716 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Funding level" means the actuarial value of assets divided by the actuarially accrued liability expressed as a percentage that is determined and reported by the retirement system's actuary in the retirement system's annual actuarial valuation for the medical insurance fund;

(b) "Medical insurance fund" means all contributions and amounts included in the funds established in subsection (5) of Section 2 of this Act and KRS 161.677; and

(c) "State accumulation fund" means the fund established in subsection (3) of Section 2 of this Act.

(2) Except as provided in subsection (3) of this section, when the medical insurance fund has reached an actuarial funding level of at least one hundred percent (100%) as determined by the annual actuarial valuation, the employer contributions for retiree health benefits as provided in subsections (1)(a)2., (b)2., (c)2., (d)3., and (e)3. and (3) of Section 4 of this Act shall be deposited into the state accumulation fund to help pay down the unfunded liabilities of pension annuities instead of being deposited into the medical insurance fund. Deposits to the state accumulation fund shall occur on and after the beginning of the fiscal year following the annual actuarial valuation in which the criteria of this subsection are first met.

(3) After reaching an actuarial funding level of at least one hundred percent (100%), if the actuarial funding level of the medical insurance fund falls below ninety-five percent (95%) as determined by the annual actuarial valuation, the employer contributions for retiree health benefits as provided in subsections (1)(a)2., (b)2., (c)2., (d)3., and (e)3. and (3) of Section 4 of this Act shall be deposited into the medical insurance fund instead of the state accumulation fund. Deposits to the medical insurance fund shall occur

on and after the beginning of the fiscal year following the annual actuarial valuation in which the criteria of this subsection are met and shall continue until the actuarial funding level of the medical insurance fund is at least one hundred percent (100%). When the medical insurance fund regains an actuarial funding level of at least one hundred percent (100%), the provisions of subsection (2) of this section shall apply.

➔Section 2. KRS 161.420 is amended to read as follows:

All of the assets of the retirement system are for the exclusive purpose of providing benefits to members and annuitants and defraying reasonable expenses of administering the system. The board of trustees shall be the trustee of all funds of the system and shall have full power and responsibility for administering the funds. All the assets of the retirement system shall be credited according to the purpose for which they are held to one (1) of the following funds:

(1) The expense fund shall consist of the funds set aside from year to year by the board of trustees to defray the expenses of the administration of the retirement system. Each fiscal year an amount not greater than four percent (4%) of the dividends and interest income earned from investments during the immediate past fiscal year shall be set aside into the expense fund or expended for the administration of the retirement system;

(2) (a) The teachers' savings fund shall consist of:

1. The contributions paid by members of the retirement system into this fund and regular interest assigned by the board of trustees from the guarantee fund; and

2. For individuals who become members of the Teachers' Retirement System on or after January 1, 2022, who are participating in the supplemental benefit component, the employer contributions paid into the supplemental benefit component and regular interest on those contributions as provided by KRS 161.635 and 161.636 that is assigned by the board of trustees from the guarantee fund.

For individuals who become members on or after January 1, 2022, the system shall account for funds in the teachers' savings fund attributable to the nonuniversity members foundational benefit component, nonuniversity members supplemental benefit component, university members foundational benefit component, and university members supplemental benefit component.

(b) A member may not borrow any amount of his or her accumulated account balance in the teachers' savings fund, or any regular interest earned thereon.

(c) The accumulated contributions or accumulated account balance of a member which are returned to him or her upon his or her withdrawal or paid to his or her estate or designated beneficiary in the event of his or her death shall be paid from the teachers' savings fund.

(d) Any accumulated account balance in the teachers' savings fund forfeited by a failure of a teacher or his or her estate to claim these contributions shall be transferred from this fund to the guarantee fund.

(e) Except as provided by paragraph (f) of this subsection, the accumulated account balance of a member in the teachers' savings fund shall be transferred from this fund to the allowance reserve fund in the event of retirement by reason of service or disability.

(f) For an individual who becomes a member of the Teachers' Retirement System on or after January 1, 2022, who is participating in the supplemental benefit component who elects to annuitize his or her accumulated account balance in the supplemental benefit component as prescribed by KRS 161.635(5)(a) or (b) or 161.636(5)(a) or (b), the member's accumulated account balance in the supplemental benefit component shall be transferred from this fund to the allowance reserve fund;

(3) The state accumulation fund shall consist of funds paid by employers and appropriated by the state for the purpose of providing ***pension*** annuities and survivor benefits, including any sums appropriated for meeting unfunded liabilities ***of pension annuities and any sums that are directed to pay down the unfunded liabilities of pension annuities as provided in Section 1 of this Act***, together with regular interest assigned by the board of trustees from the guarantee fund. At the time of retirement or death of a member there shall be transferred from the state accumulation fund to the allowance reserve fund an amount which together with the sum transferred from the teachers' savings fund will be sufficient to provide the member a retirement allowance and provide for benefits under KRS 161.520 and 161.525. There shall also be transferred from the state accumulation fund to the teachers' savings fund, the amount needed to fund the mandatory employer contributions required by KRS 161.635 and 161.636;

(4) The allowance reserve fund shall be the fund from which shall be paid all retirement allowances and benefits provided under KRS 161.520 and 161.525. In addition, whenever a change in the status of a member results in an obligation on this fund, there shall be transferred to this fund from the teachers' savings fund and the state accumulation fund, the amounts as may be held in those funds for the account or benefit of the member;

(5) (a) The medical insurance fund, which is an account established according to 26 U.S.C. sec. 401(h), shall consist of amounts accumulated for the purpose of providing benefits as provided in KRS 161.675, including:

1. The member contributions required by KRS 161.540(1)(a)2., (b)2., (c)3., and (d)3.;

2. The employer contribution required by KRS 161.550(1)(a)2., (b)2., (c)2., (d)3., and (e)3. and (3)**,** ***except as provided in Section 1 of this Act***;

3. State appropriations as set forth in KRS 161.550(2), unless the contributions are made to a trust fund under 26 U.S.C. sec. 115 established by the board for this purpose; and

4. Interest income from the investments of the fund from contributions received by the fund under subparagraphs 1. to 3. of this paragraph, and from income earned on those investments.

(b) All claims for benefits under KRS 161.675 shall be paid from this fund or from any trust fund under 26 U.S.C. sec. 115 as established by the board for this purpose. Any amounts deposited to the fund that are not required to meet current costs shall be maintained as a reserve in the fund for these benefits. The board shall take the necessary and appropriate steps, including promulgating administrative regulations and procedures to maintain the status of the medical insurance fund as an account subject to 26 U.S.C. sec. 401(h);

(6) The guarantee fund shall be maintained to facilitate the crediting of uniform interest on the amounts of the other funds, except the expense fund, to finance operating expenses directly related to investment management services, and to provide a contingent fund out of which special requirements of any of the other funds may be covered. All income, interest, and dividends derived from the authorized deposits and investments shall be paid into the guarantee fund. Any funds received from gifts and bequests, which the board is hereby authorized to accept and expend without limitation in a manner either expressed by the donor or deemed to be in the best interest of the membership, shall be credited to the guarantee fund. Any funds transferred from the teachers' savings fund by reason of lack of claimant or because of a surplus in any fund and any other moneys whose disposition is not otherwise provided for, shall also be credited to the guarantee fund. The interest allowed by the board of trustees to each of the other funds shall be paid to these funds from the guarantee fund. Any deficit occurring in any fund that would not be automatically covered shall be met by the payments from the guarantee fund to that fund;

(7) The school employee annuity fund shall consist of those funds voluntarily contributed under the provisions of Section 403(b) of the Internal Revenue Code by a member of the Teachers' Retirement System with accounts that existed on or after July 1, 1996. The contributions shall not be picked up as provided in KRS 161.540(2). Separate member accounts shall be maintained for each member. The board of trustees may promulgate administrative regulations ***in accordance with***~~[pursuant to]~~ KRS Chapter 13A to manage this program;

(8) The supplemental retirement benefit fund shall consist of those funds contributed by the employer for the purpose of constituting a qualified government excess benefit plan as described in Section 415 of the Internal Revenue Code for accounts that existed on or after July 1, 1996. The board of trustees shall promulgate administrative regulations ***in accordance with***~~[pursuant to]~~ KRS Chapter 13A to administer this program;

(9) The life insurance benefit fund shall consist of amounts accumulated for the purpose of providing benefits provided under KRS 161.655. The board of trustees may allocate to this fund a percentage of the employer and state contributions as provided under KRS 161.550. The allocation to this fund will be in an amount that the actuary determines necessary to fund the obligation of providing the benefits provided under KRS 161.655; and

(10) The stabilization reserve account shall consist of amounts in two (2) separate accounts:

(a) One (1) that includes employer contributions as provided by KRS 161.550(1)(d)1. and 2. that exceeds the combined actuarially required employer contribution for the foundational benefit component and the mandatory employer contribution to the supplemental benefit component as provided by KRS 161.633 and 161.635 for those individuals who become nonuniversity members on or after January 1, 2022; and

(b) One (1) that includes employer contributions as provided by KRS 161.550(1)(e)1. and 2. that exceeds the combined actuarially required employer contribution for the foundational benefit component and the mandatory employer contribution to the supplemental benefit component as provided by KRS 161.634 and 161.636 for those individuals who become university members on or after January 1, 2022.

Notwithstanding any other statute to the contrary, funds in these accounts shall only be used to pay off the unfunded liability of the pension and life insurance funds.

➔Section 3. KRS 161.540 is amended to read as follows:

(1) (a) Each individual who becomes a contributing nonuniversity member prior to January 1, 2022, shall contribute to the retirement system twelve and eight hundred fifty-five thousandths percent (12.855%) of annual compensation, of which:

1. Nine and one hundred five thousandths percent (9.105%) of annual compensation shall be used to fund pension benefits; and

2. Three and three-quarters percent (3.75%) of annual compensation shall be used to fund retiree health benefits.

(b) Each individual who becomes a contributing university member prior to January 1, 2022, shall contribute to the retirement system ten and four-tenths percent (10.4%) of annual compensation, of which:

1. Seven and six hundred twenty-five thousandths percent (7.625%) of annual compensation shall be used to fund pension benefits; and

2. Two and seven hundred seventy-five thousandths percent (2.775%) of annual compensation shall be used to fund retiree health benefits.

(c) Each individual who becomes a contributing nonuniversity member on or after January 1, 2022, shall contribute to the retirement system fourteen and three-quarters percent (14.75%) of annual compensation, of which:

1. Nine percent (9%) of annual compensation shall be used to fund pension benefits in the foundational benefit component as described by KRS 161.633. The contribution provided by this subparagraph shall not be used to fund the supplemental benefit account as provided by KRS 161.635;

2. Two percent (2%) of annual compensation shall fund the required employee contribution in the supplemental benefit component in KRS 161.635, except that the board may direct these contributions on a prospective basis into the pension and life insurance funds to contain costs of the foundational benefit component within the provisions of KRS 161.633; and

3. Three and three-quarters percent (3.75%) of annual compensation shall be used to fund retiree health benefits.

(d) Each individual who becomes a contributing university member on or after January 1, 2022, shall contribute to the retirement system nine and seven hundred seventy-five thousandths percent (9.775%) of annual compensation, of which:

1. Five percent (5%) of annual compensation shall be used to fund pension benefits in the foundational benefit component as described by KRS 161.634. The contribution provided by this subparagraph shall not be used to fund the supplemental benefit account as provided by KRS 161.636;

2. Two percent (2%) of annual compensation shall fund the required employee contribution in the supplemental benefit component in KRS 161.636, except that the board may direct these contributions on a prospective basis into the pension and life insurance funds to contain costs of the foundational benefit component within the provisions of KRS 161.634; and

3. Two and seven hundred and seventy-five thousandths percent (2.775%) of annual compensation shall be used to fund retiree health benefits.

(e) When the ***funds established to actuarially fund pension annuities and the*** medical insurance fund established under KRS 161.420~~[(5)]~~ ***become fully funded***~~[achieves a sufficient prefunded status]~~ as determined by the ***annual actuarial valuation***~~[Retirement System's actuary]~~, the board of trustees shall

recommend to the General Assembly that the contributions required under paragraph (a)2., (b)2., (c)3., or (d)3. of this subsection shall, in an actuarially accountable manner, be either decreased, suspended, or eliminated.

(f) Payments authorized by statute that are made to retiring members, who became members of the system before July 1, 2008, for not more than sixty (60) days of unused accrued annual leave shall, subject to KRS 161.220(10), be considered as part of the member's annual compensation, and shall be used only for the member's final year of active service. Notwithstanding the provisions of this subsection or any other statute to the contrary, for retirement calculation purposes, members may only be credited for payment of annual leave under the following conditions:

1. Payment by an employer for annual leave shall be equally available to all members serving under contracts requiring the same number of worked days and greater; and

2. At least two (2) members of the employer shall receive payment for annual leave.

(g) The contribution of members shall not exceed the applicable percentages on annual compensation as set forth in this section or as where otherwise limited by statute. When a member retires, if it is determined that he or she has made contributions on a salary in excess of the amount to be included for the purpose of calculating his or her final average salary, any excess contribution shall be refunded in a lump sum to the member's employer for distribution to the member.

(2) Each public board, institution, or agency listed in KRS 161.220(4) shall, solely for the purpose of compliance with Section 414(h) of the United States Internal Revenue Code, pick up the member contributions required by this section for all compensation earned after August 1, 1982, and the contributions so picked up shall be treated as employer contributions in determining tax treatment under the United States Internal Revenue Code and KRS 141.010. The picked-up member contribution shall satisfy all obligations to the retirement system satisfied prior to August 1, 1982, by the member contribution, and the picked-up member contribution shall be in lieu of a member contribution. Each employer shall pay these picked-up member contributions from the same source of funds which is used to pay earnings to the member. The member shall have no option to receive the contributed amounts directly instead of having them paid by the employer to the system. Member contributions picked-up after August 1, 1982, shall be treated for all purposes of KRS 161.220 to 161.714 in the same manner and to the same extent as member contributions made prior to August 1, 1982.

➔Section 4. KRS 161.550 is amended to read as follows:

(1) Each employer, except as provided ***in***~~[under]~~ KRS 161.555 ***and Section 1 of this Act***, shall contribute annually to the Teachers' Retirement System a permanent employer contribution rate on behalf of each employee it employs equal to:

(a) Thirteen and one hundred five thousandths percent (13.105%) of the total annual compensation of nonuniversity members who become members prior to July 1, 2008. Of this permanent employer contribution rate:

1. Twelve and three hundred fifty-five thousandths percent (12.355%) of the total annual compensation shall be used to fund pension and life insurance benefits; and

2. ***Except as provided in Section 1 of this Act,*** three-quarters of a percent (0.75%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subparagraph in that trust fund ***except as provided in Section 1 of this Act***;

(b) Fourteen and one hundred five thousandths percent (14.105%) of the total annual compensation of nonuniversity members who become members on or after July 1, 2008, but prior to January 1, 2022. Of this permanent employer contribution rate:

1. Thirteen and three hundred fifty-five thousandths percent (13.355%) of the total annual compensation shall be used to fund pension and life insurance benefits; and

2. ***Except as provided in Section 1 of this Act,*** three-quarters of a percent (0.75%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subparagraph in that trust fund ***except as provided in Section 1 of this Act***;

(c) Thirteen and sixty-five hundredths percent (13.65%) of the total annual compensation of university members who become members prior to January 1, 2022. Of this permanent employer contribution rate:

1. Ten and eight hundred seventy-five thousandths percent (10.875%) of the total annual compensation shall be used to fund pension and life insurance benefits; and

2. ***Except as provided in Section 1 of this Act,*** two and seven hundred seventy-five thousandths percent (2.775%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subparagraph in that trust fund ***except as provided in Section 1 of this Act***;

(d) Ten and three-quarters percent (10.75%) of the total annual compensation of nonuniversity members who become members on or after January 1, 2022. Of this permanent employer contribution rate:

1. Eight percent (8%) of the total annual compensation shall be used to fund pension and life insurance benefits. The contribution provided by this subparagraph shall not be used to fund the supplemental benefit account as provided by KRS 161.635;

2. Two percent (2%) of the total annual compensation shall be used to fund the mandatory employer contribution of the supplemental benefit component, except that the board may direct these contributions on a prospective basis into the pension and life insurance funds to contain costs within the provisions of KRS 161.633; and

3. ***Except as provided in Section 1 of this Act,*** three-quarters of one percent (0.75%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subdivision in that trust fund ***except as provided in Section 1 of this Act***; and

(e) Nine and seven hundred seventy-five thousandths percent (9.775%) of total annual compensation of university members who become members on or after January 1, 2022. Of this permanent employer contribution rate:

1. Five and seven hundred seventy-five thousandths percent (5.775%) of the total annual compensation shall be used to fund pension and life insurance benefits. The contribution provided by this subparagraph shall not be used to fund the supplemental benefit account as provided by KRS 161.636;

2. Two percent (2%) of the total annual compensation shall be used to fund the mandatory employer contribution of the supplemental benefit component, except that the board may direct these contributions on a prospective basis into the pension and life insurance funds to contain costs within the provisions of KRS 161.634; and

3. ***Except as provided in Section 1 of this Act,*** two percent (2%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subparagraph in that trust fund ***except as provided in Section 1 of this Act***.

(2) In addition to the required contributions in subsection (1) of this section, the state shall contribute annually to the Teachers' Retirement System a percentage of the total salaries of the state-funded and federally funded members it employs to pay the cost of health insurance coverage for retirees who are not eligible for Medicare and who retire on or after July 1, 2010, less the amounts that are otherwise required to be paid by the retirees under KRS 161.675. The board shall deposit funds in the medical insurance fund unless the board of trustees has established a trust fund under 26 U.S.C. sec. 115 for this purpose. In this case, the board may deposit the employer contribution in that trust fund. This contribution shall be known as the state medical insurance fund stabilization contribution. The percentage to be contributed by the state under this subsection:

(a) Shall be determined by the retirement system's actuary for each biennial budget period;

(b) May be suspended or adjusted by the General Assembly if in its judgment the welfare of the Commonwealth so demands; and

(c) Shall not exceed the lesser of the actual benefit cost for retirees not eligible for Medicare who retire on or after July 1, 2010, or the amount contributed by employers under subsection (3) of this section.

(3) All employers who employ nonuniversity members shall make a contribution for each payroll on behalf of their active employees who participate in the Teachers' Retirement System in an amount equal to three percent (3%) of payroll of those active employees. ***Except as provided in Section 1 of this Act,*** the contribution specified by this subsection shall be used to fund retiree health benefits.

(4) When ***the funds established to actuarially fund pension annuities and*** the medical insurance fund established under KRS 161.420~~[(5)]~~ ***become fully funded***~~[achieves a sufficient prefunded status]~~ as determined by the ***annual actuarial valuation***~~[Teachers' Retirement System's actuary]~~, the board of trustees shall recommend to the General Assembly that the contributions required under subsections (1)(c)2. and (e)3. and (3) of this section shall, in an actuarially accountable manner, be either decreased, suspended, or eliminated. The decrease, suspension, or elimination in contributions required under subsection (1)(c)2. of this section shall not exceed two and twenty-five thousandths percent (2.025%) of annual compensation. The decrease, suspension, or elimination in contributions required under subsection (1)(e)3. of this section shall not exceed one and twenty-five hundredths percent (1.25%) of annual compensation.

(5) Each employer shall remit the required employer contributions to the retirement system under the terms and conditions specified for member contributions under KRS 161.560. The state shall provide annual appropriations based upon estimated funds needed to meet the requirements of KRS 161.155, 161.168, 161.507(4), 161.515, 161.545, 161.553, 161.605, 161.612, and 161.620(1), (3), (5), (6), and (7). In the event an annual appropriation is less than the amount of these requirements, the state shall make up the deficit in the next biennium budget appropriation to the retirement system. Employer contributions to the retirement system are for the exclusive purpose of providing benefits to members and annuitants and these contributions shall be considered deferred compensation to the members. This subsection shall not apply to costs applicable to individuals who become members on or after January 1, 2022.

➔Section 5. KRS 161.675 is amended to read as follows:

(1) The board of trustees shall arrange by appropriate contract or on a self-insured basis to provide a broad program of group hospital and medical insurance for present and future eligible recipients of a retirement allowance from the Teachers' Retirement System. The board of trustees may also arrange to provide health insurance coverage through an insurer licensed pursuant to Subtitle 38 of KRS Chapter 304 and offering a managed care plan as defined in KRS 304.17A-500 as an alternative to group hospital and medical insurance for persons eligible for hospital and medical benefits under this section. The board of trustees may authorize eligible recipients of a retirement allowance from the Teachers' Retirement System who are less than age sixty-five (65) to be included in the state-sponsored health insurance that is provided to active teachers and state employees under KRS 18A.225. Members who are sixty-five (65) or older and retired for service shall not be eligible to participate in the state employee health insurance program as described in KRS 18A.225.

(2) (a) The coverage provided shall be as set forth in the contracts and the administrative regulations of the board of trustees. The board of trustees may change the levels of coverage and eligibility conditions to meet the changing needs of the annuitants and, when necessary, to contain the expenses of the insurance program within the funds available to finance the insurance program, except as provided by paragraph (b) of this subsection. The contracts and administrative regulations shall provide for but not be limited to hospital room and board, surgical procedures, doctors' care in the hospital, and miscellaneous hospital costs. An annuitant whose effective date of retirement is July 1, 1974, and thereafter, must have a minimum of five (5) years' creditable Kentucky service in the Teachers' Retirement System or five (5) years of combined creditable service in the state-administered retirement systems if the member is retiring under the reciprocity provisions of KRS 61.680, 61.702, and 78.5536. An annuitant shall not elect coverage through more than one (1) of the state-administered retirement systems. The board of trustees shall offer coverage to the disabled child of an annuitant regardless of the disabled child's age if the annuitant pays the entire premium for the disabled child's coverage. A child shall be considered disabled if he ***or she*** has been determined to be eligible for federal Social Security disability benefits.

(b) Individuals who become members of the Kentucky Teachers' Retirement System on or after July 1, 2008, shall not be eligible for benefits under this section unless the member has at least fifteen (15) or more years of service credited under KRS 161.500 or another state-administered retirement system.

(3) All expenses for benefits under this section shall be paid from the funding provisions contained in KRS 161.420(5), from a trust fund established by the board under 26 U.S.C. sec. 115, premium charges received from the annuitants and the spouses, and from funds that may be appropriated or allocated by statute.

(4) (a) The board of trustees shall determine the amount of health insurance supplement payments that the Teachers' Retirement System will provide to assist eligible annuitants in paying the cost of their health

insurance, based on the funds available in the medical insurance fund and any trust fund established by the board for this purpose under 26 U.S.C. sec. 115. The board of trustees shall establish the maximum monthly amounts of health insurance supplement payments that will be made by the Kentucky Teachers' Retirement System for eligible annuitants. The board of trustees shall annually establish the percentage of the maximum monthly health insurance supplement payment that will be made, based on age and years of service credit of eligible recipients of a retirement allowance. Monthly health insurance supplement payments made by the retirement system may not exceed the amount of the single coverage insurance premium chosen by the eligible annuitants. In order to qualify for health insurance supplements, the annuitant must agree to pay the difference between the insurance premium and the applicable supplement payment, by payroll deduction from his ***or her*** retirement allowance, or by a payment method approved by the retirement system.

(b) ***1.*** The board shall, effective July 1, 2010, have the authority to charge retired members who are not paying the Standard Medicare Part B premium an amount equal to the Standard Medicare Part B premium in addition to any other payments determined by the board to be necessary to contain costs within the available funding. If the board determines that retired members who are not paying the Standard Medicare Part B premium should pay the equivalent of the Standard Medicare Part B premium, the board shall phase in the premium according to the following schedule:

July 1, 2010..... Thirty-three percent (33%)

July 1, 2011..... Sixty-seven percent (67%)

July 1, 2012, and thereafter..... One hundred percent (100%)

2. If the board requires retired members to pay the charges specified in subparagraph 1. of this paragraph, the amount payable shall not be reduced by the board until the funds established to actuarially fund pension annuities and the medical insurance fund established under Section 2 of this Act each achieve an actuarial funding level of at least one hundred percent (100%).

3. Nothing in this paragraph shall limit the board's authority to change the levels of coverage, eligibility conditions, or levels of health insurance supplement for retirees in order to contain costs within available funding.

(c) The board of trustees may offer, on a full-cost basis, health care insurance coverage provided by the retirement system to spouses and dependents of eligible annuitants not otherwise eligible for regular coverage. Recipients of a retirement allowance from the retirement system must agree to pay the cost of this coverage by payroll deduction from their retirement allowance or by a payment method approved by the retirement system.

(d) The board of trustees shall offer, on a full-cost basis, health insurance coverage provided by the retirement system to the disabled child of an annuitant, regardless of the age of the disabled child. A child shall be considered disabled for purposes of this section if the child has been determined to be eligible for federal Social Security disability benefits.

(5) The board of trustees is empowered to require the annuitant and the annuitant's spouse to pay a premium charge to assist in the financing of the hospital and medical insurance program. The board of trustees is empowered to pay the expenses for insurance coverage from the medical insurance fund, from any trust fund established by the board for this purpose under 26 U.S.C. sec. 115, from the premium charges received from the annuitants and the spouses, and from funds that may be appropriated or allocated by statute. The board may provide insurance coverage by making payment to insurance carriers including health insurance plans that are available to active and retired state employees and active teachers, institutions, and individuals for services performed, or the board of trustees may elect to provide insurance on a "self-insurance" basis or a combination of these provisions.

(6) The board of trustees may approve health insurance supplement payments to eligible annuitants who are less than sixty-five (65) years of age, as reimbursement for hospital and medical insurance premiums made by annuitants for their individual coverage. Eligible annuitants or recipients are those annuitants who are not eligible for Medicare and who do not reside in Kentucky or in an area outside of Kentucky where comparable coverage is available. The reimbursement payments shall not exceed the minimum supplement payment that would have been made had the annuitant lived in Kentucky. Eligible annuitants or recipients shall submit proof of payment to the retirement system for hospital and medical insurance that they have obtained. Reimbursement payments shall be made on a quarterly basis.

(7) Contracts negotiated may include the provision that a stated amount of hospital cost or period of hospitalization shall incur no obligation on the part of the insurance carrier or the retirement system or any trust fund established for this purpose by the board.

(8) The board of trustees is empowered to promulgate administrative regulations to assure efficient operation of the hospital and medical insurance program.

(9) Premiums paid for hospital and medical insurance coverage procured under authority of this section shall be exempt from any premium tax which might otherwise be required under KRS Chapter 136. The payment of premiums by the medical insurance fund or another trust fund established by the board for this purpose shall not constitute taxable income to an insured recipient.

(10) In the event that a member is providing services on less than a full-time basis under KRS 161.605, the retirement system may pay the full cost of the member's health insurance coverage for the full fiscal year that the member is providing those services, at the conclusion of which, the retirement system may then bill the active employer and the active employer shall reimburse the retirement system for the cost of the health insurance coverage incurred by the retirement system on a pro rata basis for the time that the member was employed by the active employer.

Veto Overridden March 27, 2025.

CHAPTER 127

(HJR 30)

A JOINT RESOLUTION authorizing the release of funds.

WHEREAS, it is the responsibility of the General Assembly to monitor the spending of state funds for the good of the Commonwealth; and

WHEREAS, with that responsibility in mind, certain appropriations were contingent upon specific duties being fulfilled by the receiving agency; and

WHEREAS, 2024 Ky. Acts ch. 185, sec. 1(7)(g) requires a report from the Kentucky Infrastructure Authority board no later than December 1, 2024; and

WHEREAS, the required report has been received and reviewed;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. The General Assembly of the Commonwealth of Kentucky hereby approves and authorizes the Office of State Budget Director to release General Fund moneys from the Budget Reserve Trust Fund Account established by KRS 48.705 in fiscal year 2024-2025 for only a portion of the total $75,000,000 in accordance with 2024 Ky. Acts ch. 173, sec. 1(4). The authorization and release are limited to $65,673,500 for the following projects:

(1) $300,000 to the City of Martin for City of Martin debt service;

(2) $202,000 to the City of Martin for rehabilitation of the wastewater plant;

(3) $622,800 to the City of Martin for the City of Martin water loss reduction project;

(4) $1,283,800 to the City of Elkhorn City for the Elkhorn City water loss reduction project;

(5) $370,000 to the City of Brodhead for the Bowling Ridge tank rehabilitation, radio-read meters, and WWTP influent flow meters;

(6) $1,320,000 to the Trimble County Fiscal Court for the Bedford septage receiving station;

(7) $213,800 to the City of Brodhead for the City of Brodhead pump replacement;

(8) $235,400 to the City of Sturgis for the City of Sturgis waterline replacement water loss project;

(9) $1,804,500 to the City of Sturgis for the City of Sturgis water line improvements project;

(10) $82,300 to the City of Crab Orchard for the water tank rehab phase II;

(11) $3,022,100 to the Black Mountain Utility District for the Black Mountain Utility District water distribution system improvements and extensions;

(12) $934,300 to the City of Arlington for repair and rehabilitation of the City of Arlington existing sewer system;

(13) $1,670,600 to the City of Crab Orchard for the main lift station and sanitary sewer rehabilitation;

(14) $917,100 to the City of Mount Vernon for the Hunter Street pump station replacement;

(15) $12,600,000 to the City of Mount Vernon for the wastewater treatment plant and pump station improvements;

(16) $500,000 to the Morgan County Water District for the Morgan County Water District waters funds project;

(17) $1,702,100 to the City of McKee for phase I of the wastewater system rehabilitation;

(18) $220,200 to the City of Livingston for the City of Livingston debt elimination grant;

(19) $478,000 to the City of Cloverport for the Cloverport wastewater plant;

(20) $747,500 to the City of Bradfordsville for the Bradfordsville I & I rehabilitation phase 2;

(21) $769,100 to the Mercer County Sanitation District for the Mercer County Sanitation District Herrington Lake sanitary sewer force main project;

(22) $478,000 to the City of Gamaliel for the Gamaliel wastewater overhaul;

(23) $1,155,500 to the Mountain Water District for the Mountain Water District debt service;

(24) $2,454,000 to the Mountain Water District for the Mountain Water District water treatment plant improvements;

(25) $3,290,000 to the Whitley County Water District No. 1 for the Whitley County Water District system improvements;

(26) $1,646,900 to the City of Burkesville for the Burkesville drinking water distribution upgrade;

(27) $1,500,000 to the City of Evarts for the new raw water source project;

(28) $9,044,000 to the City of Liberty for the City of Liberty new dam for water supply;

(29) $1,800,000 to the City of Columbus for the Columbus water treatment plant rehabilitation;

(30) $3,650,000 to the City of Whitesburg for the Whitesburg I & I phase I;

(31) $808,500 to the City of Hindman for the Hindman radio read meter project;

(32) $274,000 to the City of Booneville for the Booneville sewer force main redirection project;

(33) $2,465,000 to the Cumberland County Water District for Marrowbone Area replacement of water lines; and

(34) $7,112,000 to the Caveland Environmental Authority for the Brownsville force main and pumping stations.

➔Section 2. The General Assembly of the Commonwealth of Kentucky hereby approves and authorizes the Office of State Budget Director to release General Fund moneys from the Budget Reserve Trust Fund Account established by KRS 48.705 in fiscal year 2025-2026 for only a portion of the total $75,000,000 in accordance with 2024 Ky. Acts ch. 173, sec. 1(4). The authorization and release are limited to $21,609,500 for the following projects:

(1) $6,693,000 to the City of Cloverport for the Cloverport wastewater plant;

(2) $10,384,900 to the Mercer County Sanitation District for the Mercer County Sanitation District Herrington Lake sanitary sewer force main project; and

(3) $4,531,600 to the City of Gamaliel for the Gamaliel wastewater overhaul.

Vetoed in Part and Overridden March 27, 2025.

CHAPTER 128

(HJR 46)

A JOINT RESOLUTION relating to road projects and declaring an emergency.

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. Notwithstanding KRS 48.100, 48.110, 48.300, and 176.430, this Joint Resolution in conjunction with 2024 Ky. Acts ch. 146, 2024 Ky. Acts ch. 147, and 2024 Ky. Acts ch. 153 shall constitute the Six-Year Road Plan.

➔Section 2. Whereas these projects constitute a portion of the Six-Year Road Plan which is currently in effect, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

➔Section 3. The County Priority Projects are as follows:

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Adair	90070	CR-1016	Resurface Sulphur Creek Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			192,000
				Project Cost:		0	0	192,000
Adair	90071	CR-1059	Resurface Abrell Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			120,000
				Project Cost:		0	0	120,000
Total for Adair county				PL				
				DN				
				RW				
				UT				
				CN				312,000
				Total Amounts:		0	0	312,000
Allen	90027	CR-1236	Resurface New Roe	PL				
				DN				
				RW				
				UT				
				CN	CPP			306,000
				Project Cost:		0	0	306,000
Allen	90030	CR-1010	Resurface Capital Hill Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			96,000
				Project Cost:		0	0	96,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Allen county				PL				
				DN				
				RW				
				UT				
				CN				402,000
				Total Amounts:		0	0	402,000
Ballard	90029	CR-1204	Resurface VFW	PL				
				DN				
				RW				
				UT				
				CN	CPP			125,000
				Project Cost:		0	0	125,000
Total for Ballard county				PL				
				DN				
				RW				
				UT				
				CN				125,000
				Total Amounts:		0	0	125,000
Barren	90034	CR-1150	Resurface Beechtree Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			286,000
				Project Cost:		0	0	286,000
Barren	90036	CR-1243	Resurface Matthews Mill Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			139,000
				Project Cost:		0	0	139,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Barren county				PL				
				DN				
				RW				
				UT				
				CN				425,000
				Total Amounts:		0	0	425,000
Bath	90057	CR-1309	Resurface North Little Flat Ledford	PL				
				DN				
				RW				
				UT				
				CN	CPP			196,000
				Project Cost:		0	0	196,000
Bath	90058	CR-1219	Resurface North Stepstone	PL				
				DN				
				RW				
				UT				
				CN	CPP			174,000
				Project Cost:		0	0	174,000
Total for Bath county				PL				
				DN				
				RW				
				UT				
				CN				370,000
				Total Amounts:		0	0	370,000
Bell	90060	CR-1365	Resurface Blanton Branch Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			19,000
				Project Cost:		0	0	19,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Bell	90061	CS-2306	City of Middlesboro Resurface Lower Gibson Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			45,000
				Project Cost:		0	0	45,000
Total for Bell county				PL				
				DN				
				RW				
				UT				
				CN				64,000
				Total Amounts:		0	0	64,000
Bourbon	90030	CR-1115	Resurface Prescott Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			258,000
				Project Cost:		0	0	258,000
Bourbon	90032	CS-1105	City of Paris Resurface Springhill Drive	PL				
				DN				
				RW				
				UT				
				CN	CPP			83,000
				Project Cost:		0	0	83,000
Total for Bourbon county				PL				
				DN				
				RW				
				UT				
				CN				341,000
				Total Amounts:		0	0	341,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Boyd	90050	CR-1337	Resurface Stephens Meade Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			79,000
				Project Cost:		0	0	79,000
Boyd	90054	CR-1242	Resurface Twin Ridge Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			50,000
				Project Cost:		0	0	50,000
Total for Boyd county				PL				
				DN				
				RW				
				UT				
				CN				129,000
				Total Amounts:		0	0	129,000
Boyle	90034	CR-1316	Resurface Cocanougher Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			46,000
				Project Cost:		0	0	46,000
Total for Boyle county				PL				
				DN				
				RW				
				UT				
				CN				46,000
				Total Amounts:		0	0	46,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Bracken	90013	CR-1111	Resurface Thompson Ridge	PL				
				DN				
				RW				
				UT				
				CN	CPP			224,000
				Project Cost:		0	0	224,000
Bracken	90016	CR-1214	Resurface Ford's Avenue	PL				
				DN				
				RW				
				UT				
				CN	CPP			131,000
				Project Cost:		0	0	131,000
Total for Bracken county				PL				
				DN				
				RW				
				UT				
				CN				355,000
				Total Amounts:		0	0	355,000
Breathitt	90060	CR-1117	Resurface Hardshell Caney Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			338,000
				Project Cost:		0	0	338,000
Breathitt	90065	CR-1146	Resurface Strong Branch Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			142,000
				Project Cost:		0	0	142,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Breathitt county				PL				
				DN				
				RW				
				UT				
				CN				480,000
				Total Amounts:		0	0	480,000
Breckinridge	90036	CR-1162	Resurface Church of God Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			110,000
				Project Cost:		0	0	110,000
Breckinridge	90040	CR-1040	Resurface Harold Lucas Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			65,000
				Project Cost:		0	0	65,000
Total for Breckinridge county				PL				
				DN				
				RW				
				UT				
				CN				175,000
				Total Amounts:		0	0	175,000
Bullitt	90012	CR-1312	Resurface P'Poole Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			19,000
				Project Cost:		0	0	19,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Bullitt county				PL				
				DN				
				RW				
				UT				
				CN				19,000
				Total Amounts:		0	0	19,000
Butler	90037	CR-1064	Resurface Grancer Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			628,000
				Project Cost:		0	0	628,000
Total for Butler county				PL				
				DN				
				RW				
				UT				
				CN				628,000
				Total Amounts:		0	0	628,000
Caldwell	90047	CR-1366	Resurface Pleasant Valley Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			368,000
				Project Cost:		0	0	368,000
Caldwell	90048	CR-1216	Resurface Rocksprings Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			171,000
				Project Cost:		0	0	171,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Caldwell county				PL				
				DN				
				RW				
				UT				
				CN				539,000
				Total Amounts:		0	0	539,000
Campbell	90009	CS-4036	City of Fort Thomas Resurface James Avenue	PL				
				DN				
				RW				
				UT				
				CN	CPP			167,000
				Project Cost:		0	0	167,000
Total for Campbell county				PL				
				DN				
				RW				
				UT				
				CN				167,000
				Total Amounts:		0	0	167,000
Carlisle	90030	CS-1028	City of Bardwell Resurface Front Street	PL				
				DN				
				RW				
				UT				
				CN	CPP			127,000
				Project Cost:		0	0	127,000
Carlisle	90031	CS-1014	City of Bardwell Resurface East Court Street	PL				
				DN				
				RW				
				UT				
				CN	CPP			100,000
				Project Cost:		0	0	100,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Carlisle county				PL				
				DN				
				RW				
				UT				
				CN				227,000
				Total Amounts:		0	0	227,000
Carroll	90019	CR-1100	Resurface Lansdale Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			4,000
				Project Cost:		0	0	4,000
Total for Carroll county				PL				
				DN				
				RW				
				UT				
				CN				4,000
				Total Amounts:		0	0	4,000
Carter	90059	CR-1190	Resurface Wells Branch Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			347,000
				Project Cost:		0	0	347,000
Carter	90060	CR-1464	Resurface Smokey Creek Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			163,000
				Project Cost:		0	0	163,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Carter county				PL				
				DN				
				RW				
				UT				
				CN				510,000
				Total Amounts:		0	0	510,000
Casey	90073	CS-1015	City of Liberty Resurface Combest Street	PL				
				DN				
				RW				
				UT				
				CN	CPP			7,000
				Project Cost:		0	0	7,000
Total for Casey county				PL				
				DN				
				RW				
				UT				
				CN				7,000
				Total Amounts:		0	0	7,000
Christian	90049	CR-1069	Resurface Britmart Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			95,000
				Project Cost:		0	0	95,000
Christian	90050	CS-5036	City of Oakgrove Resurface Oak Tree Drive	PL				
				DN				
				RW				
				UT				
				CN	CPP			54,000
				Project Cost:		0	0	54,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Christian county				PL				
				DN				
				RW				
				UT				
				CN				149,000
				Total Amounts:		0	0	149,000
Clark	90037	CR-1012	Resurface Ecton Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			332,000
				Project Cost:		0	0	332,000
Clark	90038	CR-1105	Resurface Oil Springs Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			107,000
				Project Cost:		0	0	107,000
Total for Clark county				PL				
				DN				
				RW				
				UT				
				CN				439,000
				Total Amounts:		0	0	439,000
Clay	90067	CR-1249	Resurface Whites Branch	PL				
				DN				
				RW				
				UT				
				CN	CPP			189,000
				Project Cost:		0	0	189,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Clay county				PL				
				DN				
				RW				
				UT				
				CN				189,000
				Total Amounts:		0	0	189,000
Crittenden	90032	CR-1346	Resurface A. T. Crider Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			114,000
				Project Cost:		0	0	114,000
Crittenden	90033	CR-1257	Resurface Claylick Creek Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			87,000
				Project Cost:		0	0	87,000
Total for Crittenden county				PL				
				DN				
				RW				
				UT				
				CN				201,000
				Total Amounts:		0	0	201,000
Cumberland	90074	CR-1287	Resurface Bethel Scott Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			12,000
				Project Cost:		0	0	12,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Cumberland county				PL				
				DN				
				RW				
				UT				
				CN				12,000
				Total Amounts:		0	0	12,000
Edmonson	90023	CR-1144	Resurface James Parsley Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			26,000
				Project Cost:		0	0	26,000
Total for Edmonson county				PL				
				DN				
				RW				
				UT				
				CN				26,000
				Total Amounts:		0	0	26,000
Elliott	90051	CR-1353	Resurface Stringtown	PL				
				DN				
				RW				
				UT				
				CN	CPP			250,000
				Project Cost:		0	0	250,000
Elliott	90055	CR-1113	Resurface Gillium Branch	PL				
				DN				
				RW				
				UT				
				CN	CPP			148,000
				Project Cost:		0	0	148,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Elliott county				PL				
				DN				
				RW				
				UT				
				CN				398,000
				Total Amounts:		0	0	398,000
Estill	90061	CR-1061	Resurface Patsy Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			302,000
				Project Cost:		0	0	302,000
Estill	90066	CR-1228	Resurface Round Mountain Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			174,000
				Project Cost:		0	0	174,000
Total for Estill county				PL				
				DN				
				RW				
				UT				
				CN				476,000
				Total Amounts:		0	0	476,000
Fleming	90052	CR-1027	Resurface Carpenter Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			223,000
				Project Cost:		0	0	223,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Fleming county				PL				
				DN				
				RW				
				UT				
				CN				223,000
				Total Amounts:		0	0	223,000
Floyd	90030	CR-1423	Resurface Conley Fork of Spurlock	PL				
				DN				
				RW				
				UT				
				CN	CPP			235,000
				Project Cost:		0	0	235,000
Floyd	90032	CR-1238	Resurface Old Hunter Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			185,000
				Project Cost:		0	0	185,000
Total for Floyd county				PL				
				DN				
				RW				
				UT				
				CN				420,000
				Total Amounts:		0	0	420,000
Franklin	90011	CS-1429	City of Frankfort Resurface Michael C Davenport Blvd	PL				
				DN				
				RW				
				UT				
				CN	CPP			110,000
				Project Cost:		0	0	110,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Franklin county				PL				
				DN				
				RW				
				UT				
				CN				110,000
				Total Amounts:		0	0	110,000
Gallatin	90010	CR-1201	Resurface Vera Cruz Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			278,000
				Project Cost:		0	0	278,000
Gallatin	90014	CR-1208	Resurface Knox Lillard Road #2	PL				
				DN				
				RW				
				UT				
				CN	CPP			126,000
				Project Cost:		0	0	126,000
Total for Gallatin county				PL				
				DN				
				RW				
				UT				
				CN				404,000
				Total Amounts:		0	0	404,000
Garrard	90031	CS-1017	City of Lancaster Resurface S. Campbell	PL				
				DN				
				RW				
				UT				
				CN	CPP			98,000
				Project Cost:		0	0	98,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Garrard	90033	CS-1056	City of Lancaster Resurface Hamilton Avenue	PL				
				DN				
				RW				
				UT				
				CN	CPP			57,000
				Project Cost:		0	0	57,000
Total for Garrard county				PL				
				DN				
				RW				
				UT				
				CN				155,000
				Total Amounts:		0	0	155,000
Grant	90011	CR-1140	Resurface Mason Cordova Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			352,000
				Project Cost:		0	0	352,000
Grant	90015	CR-1027	Resurface Lanter Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			23,000
				Project Cost:		0	0	23,000
Total for Grant county				PL				
				DN				
				RW				
				UT				
				CN				375,000
				Total Amounts:		0	0	375,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Graves	90034	CR-1125	Resurface Grace Park Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			90,000
				Project Cost:		0	0	90,000
Total for Graves county				PL				
				DN				
				RW				
				UT				
				CN				90,000
				Total Amounts:		0	0	90,000
Grayson	90043	CR-1634	Resurface Hickory Flats Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			354,000
				Project Cost:		0	0	354,000
Grayson	90044	CR-1094	Resurface Eveleigh Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			178,000
				Project Cost:		0	0	178,000
Total for Grayson county				PL				
				DN				
				RW				
				UT				
				CN				532,000
				Total Amounts:		0	0	532,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Green	90045	CR-1314	Resurface Doc Ward Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			211,000
				Project Cost:		0	0	211,000
Green	90046	CR-1052	Resurface Hall Cemetery Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			143,000
				Project Cost:		0	0	143,000
Total for Green county				PL				
				DN				
				RW				
				UT				
				CN				354,000
				Total Amounts:		0	0	354,000
Greenup	90061	CR-1385	Resurface Beauty Ridge	PL				
				DN				
				RW				
				UT				
				CN	CPP			119,000
				Project Cost:		0	0	119,000
Total for Greenup county				PL				
				DN				
				RW				
				UT				
				CN				119,000
				Total Amounts:		0	0	119,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Hancock	90053	CR-1223	Resurface North Indian Hill	PL				
				DN				
				RW				
				UT				
				CN	CPP			275,000
				Project Cost:		0	0	275,000
Total for Hancock county				PL				
				DN				
				RW				
				UT				
				CN				275,000
				Total Amounts:		0	0	275,000
Hardin	90047	CR-1359	Resurface Nacke Pike	PL				
				DN				
				RW				
				UT				
				CN	CPP			325,000
				Project Cost:		0	0	325,000
Hardin	90048	CR-1158	Resurface Middle Creek Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			170,000
				Project Cost:		0	0	170,000
Total for Hardin county				PL				
				DN				
				RW				
				UT				
				CN				495,000
				Total Amounts:		0	0	495,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Harlan	90062	CR-1351	Resurface Daws Branch	PL				
				DN				
				RW				
				UT				
				CN	CPP			42,000
				Project Cost:		0	0	42,000
Harlan	90063	CS-1050	City of Harlan Resurface Oak Street	PL				
				DN				
				RW				
				UT				
				CN	CPP			28,000
				Project Cost:		0	0	28,000
Total for Harlan county				PL				
				DN				
				RW				
				UT				
				CN				70,000
				Total Amounts:		0	0	70,000
Hart	90049	CR-1420	Resurface Rocky Hill Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			220,000
				Project Cost:		0	0	220,000
Hart	90050	CR-1132	Resurface Halltown Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			160,000
				Project Cost:		0	0	160,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Hart county				PL				
				DN				
				RW				
				UT				
				CN				380,000
				Total Amounts:		0	0	380,000
Hopkins	90054	CR-1486	Resurface Laurel Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			150,000
				Project Cost:		0	0	150,000
Hopkins	90055	CR-1341	Resurface Bet Level Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			147,000
				Project Cost:		0	0	147,000
Total for Hopkins county				PL				
				DN				
				RW				
				UT				
				CN				297,000
				Total Amounts:		0	0	297,000
Jackson	90064	CR-1153	Resurface Maulden Owsley Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			209,000
				Project Cost:		0	0	209,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Jackson county				PL				
				DN				
				RW				
				UT				
				CN				209,000
				Total Amounts:		0	0	209,000
Jessamine	90039	CR-1106	Resurface Marble Creek Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			128,000
				Project Cost:		0	0	128,000
Total for Jessamine county				PL				
				DN				
				RW				
				UT				
				CN				128,000
				Total Amounts:		0	0	128,000
Johnson	90034	CR-1434	Resurface American Standard Drive	PL				
				DN				
				RW				
				UT				
				CN	CPP			127,000
				Project Cost:		0	0	127,000
Johnson	90035	CR-1009	Resurface V Vanhoose Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			45,000
				Project Cost:		0	0	45,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Johnson county				PL				
				DN				
				RW				
				UT				
				CN				172,000
				Total Amounts:		0	0	172,000
Larue	90037	CR-1214	Resurface Cruse Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			217,000
				Project Cost:		0	0	217,000
Larue	90041	CS-1076	City of Hodgenville Resurface College Street	PL				
				DN				
				RW				
				UT				
				CN	CPP			150,000
				Project Cost:		0	0	150,000
Total for Larue county				PL				
				DN				
				RW				
				UT				
				CN				367,000
				Total Amounts:		0	0	367,000
Lawrence	90036	CR-1322	Resurface Bells Trace	PL				
				DN				
				RW				
				UT				
				CN	CPP			269,000
				Project Cost:		0	0	269,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Lawrence	90037	CR-1225	Resurface Old Terryville Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			100,000
				Project Cost:		0	0	100,000
Total for Lawrence county				PL				
				DN				
				RW				
				UT				
				CN				369,000
				Total Amounts:		0	0	369,000
Lee	90072	CR-1226	Resurface Todds Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			436,000
				Project Cost:		0	0	436,000
Lee	90073	CR-1151	Resurface Joe Davidson Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			62,000
				Project Cost:		0	0	62,000
Total for Lee county				PL				
				DN				
				RW				
				UT				
				CN				498,000
				Total Amounts:		0	0	498,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Leslie	90065	CR-1041	Resurface Pleasant Valley Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			219,000
				Project Cost:		0	0	219,000
Leslie	90066	CR-1032	Resurface Flackey Branch Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			122,000
				Project Cost:		0	0	122,000
Total for Leslie county				PL				
				DN				
				RW				
				UT				
				CN				341,000
				Total Amounts:		0	0	341,000
Letcher	90031	CR-1577	Resurface Downhill Drive	PL				
				DN				
				RW				
				UT				
				CN	CPP			50,000
				Project Cost:		0	0	50,000
Letcher	90033	CR-1144	Relieve Hazardous Condition Thicket Branch	PL				
				DN				
				RW				
				UT				
				CN	CPP			17,000
				Project Cost:		0	0	17,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Letcher county				PL				
				DN				
				RW				
				UT				
				CN				67,000
				Total Amounts:		0	0	67,000
Lewis	90062	CR-1219	Resurface Beechy	PL				
				DN				
				RW				
				UT				
				CN	CPP			74,000
				Project Cost:		0	0	74,000
Lewis	90063	CR-1102	Resurface Lower Kinney	PL				
				DN				
				RW				
				UT				
				CN	CPP			52,000
				Project Cost:		0	0	52,000
Total for Lewis county				PL				
				DN				
				RW				
				UT				
				CN				126,000
				Total Amounts:		0	0	126,000
Livingston	90035	CR-1326	Resurface Bluff Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			144,000
				Project Cost:		0	0	144,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Livingston	90036	CR-1262	Resurface Ostle Loop	PL				
				DN				
				RW				
				UT				
				CN	CPP			57,000
				Project Cost:		0	0	57,000
Total for Livingston county				PL				
				DN				
				RW				
				UT				
				CN				201,000
				Total Amounts:		0	0	201,000
Logan	90024	CS-1242	City of Russellville Resurface Thurston Drive	PL				
				DN				
				RW				
				UT				
				CN	CPP			80,000
				Project Cost:		0	0	80,000
Total for Logan county				PL				
				DN				
				RW				
				UT				
				CN				80,000
				Total Amounts:		0	0	80,000
Lyon	90037	CR-1146	Resurface Birdie Bannister	PL				
				DN				
				RW				
				UT				
				CN	CPP			224,000
				Project Cost:		0	0	224,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Lyon	90038	CR-1146	Resurface Birdie Bannister	PL				
				DN				
				RW				
				UT				
				CN	CPP			170,000
				Project Cost:		0	0	170,000
Total for Lyon county				PL				
				DN				
				RW				
				UT				
				CN				394,000
				Total Amounts:		0	0	394,000
Madison	90040	CR-1243	Resurface Peytontown Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			173,000
				Project Cost:		0	0	173,000
Total for Madison county				PL				
				DN				
				RW				
				UT				
				CN				173,000
				Total Amounts:		0	0	173,000
Magoffin	90074	CS-1017	City of Salyersville Resurface Coal Branch Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			41,000
				Project Cost:		0	0	41,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Magoffin	90075	CR-1002	Resurface Bennie Patrick Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			33,000
				Project Cost:		0	0	33,000
Total for Magoffin county				PL				
				DN				
				RW				
				UT				
				CN				74,000
				Total Amounts:		0	0	74,000
Marion	90038	CR-1331	Resurface Brown Foreman Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			164,000
				Project Cost:		0	0	164,000
Marion	90042	CS-1036	City of Lebanon Resurface E. Mulberry Street	PL				
				DN				
				RW				
				UT				
				CN	CPP			42,000
				Project Cost:		0	0	42,000
Total for Marion county				PL				
				DN				
				RW				
				UT				
				CN				206,000
				Total Amounts:		0	0	206,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Martin	90038	CR-1313	Resurface Little Laurel	PL				
				DN				
				RW				
				UT				
				CN	CPP			118,000
				Project Cost:		0	0	118,000
Martin	90039	CR-1320	Resurface Cassell Branch	PL				
				DN				
				RW				
				UT				
				CN	CPP			110,000
				Project Cost:		0	0	110,000
Total for Martin county				PL				
				DN				
				RW				
				UT				
				CN				228,000
				Total Amounts:		0	0	228,000
McCracken	90028	CR-1106	Resurface Westchester Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			162,000
				Project Cost:		0	0	162,000
Total for McCracken county				PL				
				DN				
				RW				
				UT				
				CN				162,000
				Total Amounts:		0	0	162,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
McLean	90056	CR-1006	Resurface Hicks Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			141,000
				Project Cost:		0	0	141,000
McLean	90057	CR-1009	Resurface Nuchols/Old Buck Creek Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			93,000
				Project Cost:		0	0	93,000
Total for McLean county				PL				
				DN				
				RW				
				UT				
				CN				234,000
				Total Amounts:		0	0	234,000
Menifee	90076	CR-1057	Resurface Cub Run Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			154,000
				Project Cost:		0	0	154,000
Menifee	90077	CR-1505	Resurface Canyon Ridge Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			18,000
				Project Cost:		0	0	18,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Menifee county				PL				
				DN				
				RW				
				UT				
				CN				172,000
				Total Amounts:		0	0	172,000
Mercer	90041	CR-1222	Resurface Falls Run	PL				
				DN				
				RW				
				UT				
				CN	CPP			234,000
				Project Cost:		0	0	234,000
Mercer	90042	CR-1209	Resurface Tewmey Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			108,000
				Project Cost:		0	0	108,000
Total for Mercer county				PL				
				DN				
				RW				
				UT				
				CN				342,000
				Total Amounts:		0	0	342,000
Metcalfe	90031	CS-1065	City of Edmonton Resurface River Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			68,000
				Project Cost:		0	0	68,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Metcalfe	90032	CS-1007	City of Edmonton Resurface Hill Street	PL				
				DN				
				RW				
				UT				
				CN	CPP			18,000
				Project Cost:		0	0	18,000
Total for Metcalfe county				PL				
				DN				
				RW				
				UT				
				CN				86,000
				Total Amounts:		0	0	86,000
Monroe	90038	CR-1036	Resurface D Lyons Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			3,000
				Project Cost:		0	0	3,000
Total for Monroe county				PL				
				DN				
				RW				
				UT				
				CN				3,000
				Total Amounts:		0	0	3,000
Montgomery	90035	CR-1313	Resurface Cecil Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			303,000
				Project Cost:		0	0	303,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Montgomery	90036	CR-1342	Resurface Meadow View Court	PL				
				DN				
				RW				
				UT				
				CN	CPP			51,000
				Project Cost:		0	0	51,000
Total for Montgomery county				PL				
				DN				
				RW				
				UT				
				CN				354,000
				Total Amounts:		0	0	354,000
Morgan	90078	CR-1558	Resurface Old HWY 172	PL				
				DN				
				RW				
				UT				
				CN	CPP			456,000
				Project Cost:		0	0	456,000
Morgan	90079	CR-1515	Resurface Ivy Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			78,000
				Project Cost:		0	0	78,000
Total for Morgan county				PL				
				DN				
				RW				
				UT				
				CN				534,000
				Total Amounts:		0	0	534,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Muhlenberg	90051	CR-1245	Resurface Friendship Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			321,000
				Project Cost:		0	0	321,000
Muhlenberg	90052	CS-2121	City of Central City Resurface Park Street	PL				
				DN				
				RW				
				UT				
				CN	CPP			40,000
				Project Cost:		0	0	40,000
Total for Muhlenberg county				PL				
				DN				
				RW				
				UT				
				CN				361,000
				Total Amounts:		0	0	361,000
Nelson	90051	CR-1022	Resurface Yates Cooney Neck Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			173,000
				Project Cost:		0	0	173,000
Nelson	90052	CR-1241	Resurface Shady Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			160,000
				Project Cost:		0	0	160,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Nelson county				PL				
				DN				
				RW				
				UT				
				CN				333,000
				Total Amounts:		0	0	333,000
Nicholas	90064	CR-1102	Resurface Locust Grove	PL				
				DN				
				RW				
				UT				
				CN	CPP			570,000
				Project Cost:		0	0	570,000
Total for Nicholas county				PL				
				DN				
				RW				
				UT				
				CN				570,000
				Total Amounts:		0	0	570,000
Ohio	90045	CR-1379	Relieve Hazardous Condition Beda Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			303,000
				Project Cost:		0	0	303,000
Ohio	90046	CR-1399	Relieve Hazardous Condition Raymond Curry Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			109,000
				Project Cost:		0	0	109,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Ohio county				PL				
				DN				
				RW				
				UT				
				CN				412,000
				Total Amounts:		0	0	412,000
Owen	90012	CR-1144	Resurface Fox Trail	PL				
				DN				
				RW				
				UT				
				CN	CPP			95,000
				Project Cost:		0	0	95,000
Total for Owen county				PL				
				DN				
				RW				
				UT				
				CN				95,000
				Total Amounts:		0	0	95,000
Owsley	90062	CR-1120	Resurface Left Fork Buffalo Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			403,000
				Project Cost:		0	0	403,000
Owsley	90067	CR-1115	Resurface Right Fork Buffalo Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			116,000
				Project Cost:		0	0	116,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Owsley county				PL				
				DN				
				RW				
				UT				
				CN				519,000
				Total Amounts:		0	0	519,000
Pendleton	90017	CR-1064	Resurface Lenoxburg Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			269,000
				Project Cost:		0	0	269,000
Pendleton	90018	CS-1002	City of Falmouth Resurface West Shelby Street	PL				
				DN				
				RW				
				UT				
				CN	CPP			28,000
				Project Cost:		0	0	28,000
Total for Pendleton county				PL				
				DN				
				RW				
				UT				
				CN				297,000
				Total Amounts:		0	0	297,000
Perry	90070	CR-1229	Resurface Wells Fork Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			349,000
				Project Cost:		0	0	349,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Perry	90071	CR-1314	Resurface Colwell Fork Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			154,000
				Project Cost:		0	0	154,000
Total for Perry county				PL				
				DN				
				RW				
				UT				
				CN				503,000
				Total Amounts:		0	0	503,000
Pike	90040	CR-1351	Resurface Sycamore Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			334,000
				Project Cost:		0	0	334,000
Total for Pike county				PL				
				DN				
				RW				
				UT				
				CN				334,000
				Total Amounts:		0	0	334,000
Powell	90063	CR-1306	Resurface Copperrass Creek Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			152,000
				Project Cost:		0	0	152,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Powell	90068	CR-1307	Resurface Old Winchester Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			106,000
				Project Cost:		0	0	106,000
Total for Powell county				PL				
				DN				
				RW				
				UT				
				CN				258,000
				Total Amounts:		0	0	258,000
Pulaski	90068	CR-1232	Resurface Bauer Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			254,000
				Project Cost:		0	0	254,000
Pulaski	90069	CR-1648	Resurface Dye Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			63,000
				Project Cost:		0	0	63,000
Total for Pulaski county				PL				
				DN				
				RW				
				UT				
				CN				317,000
				Total Amounts:		0	0	317,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Rowan	90053	CR-1110	Resurface East Clack Mountain Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			303,000
				Project Cost:		0	0	303,000
Rowan	90056	CR-1145	Resurface Crix Ridge Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			165,000
				Project Cost:		0	0	165,000
Total for Rowan county				PL				
				DN				
				RW				
				UT				
				CN				468,000
				Total Amounts:		0	0	468,000
Russell	90072	CR-1737	Resurface Kara Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			50,000
				Project Cost:		0	0	50,000
Total for Russell county				PL				
				DN				
				RW				
				UT				
				CN				50,000
				Total Amounts:		0	0	50,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Scott	90043	CS-3016	City of Stamping Ground Resurface Commonwealth Drive	PL				
				DN				
				RW				
				UT				
				CN	CPP			32,000
				Project Cost:		0	0	32,000
Total for Scott county				PL				
				DN				
				RW				
				UT				
				CN				32,000
				Total Amounts:		0	0	32,000
Simpson	90033	CS-1025	City of Franklin Resurface Breckinridge Street	PL				
				DN				
				RW				
				UT				
				CN	CPP			500,000
				Project Cost:		0	0	500,000
Simpson	90035	CS-1004	City of Franklin Resurface McGoodwin Ave	PL				
				DN				
				RW				
				UT				
				CN	CPP			30,000
				Project Cost:		0	0	30,000
Total for Simpson county				PL				
				DN				
				RW				
				UT				
				CN				530,000
				Total Amounts:		0	0	530,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Taylor	90039	CR-1017	Resurface Cuddler Creek	PL				
				DN				
				RW				
				UT				
				CN	CPP			86,000
				Project Cost:		0	0	86,000
Total for Taylor county				PL				
				DN				
				RW				
				UT				
				CN				86,000
				Total Amounts:		0	0	86,000
Todd	90025	CR-1350	Resurface Stringtown Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			245,000
				Project Cost:		0	0	245,000
Todd	90028	CR-1231	Resurface Morton Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			51,000
				Project Cost:		0	0	51,000
Total for Todd county				PL				
				DN				
				RW				
				UT				
				CN				296,000
				Total Amounts:		0	0	296,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Warren	90026	CR-1284	Resurface Vance Lane	PL				
				DN				
				RW				
				UT				
				CN	CPP			245,000
				Project Cost:		0	0	245,000
Warren	90029	CR-1075	Resurface Shanty Hollow Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			124,000
				Project Cost:		0	0	124,000
Total for Warren county				PL				
				DN				
				RW				
				UT				
				CN				369,000
				Total Amounts:		0	0	369,000
Washington	90053	CR-1142	Relieve Hazardous Condition Tick Creek Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			374,000
				Project Cost:		0	0	374,000
Washington	90054	CR-1014	Relieve Hazardous Condition Glens Creek Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			165,000
				Project Cost:		0	0	165,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Total for Washington county				PL				
				DN				
				RW				
				UT				
				CN				539,000
				Total Amounts:		0	0	539,000
Webster	90058	CR-1306	Resurface Andy Sisk	PL				
				DN				
				RW				
				UT				
				CN	CPP			223,000
				Project Cost:		0	0	223,000
Webster	90059	CR-1325	Resurface Waggoner Chalybeate	PL				
				DN				
				RW				
				UT				
				CN	CPP			169,000
				Project Cost:		0	0	169,000
Total for Webster county				PL				
				DN				
				RW				
				UT				
				CN				392,000
				Total Amounts:		0	0	392,000
Wolfe	90064	CR-1204	Resurface Smokey Branch Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			44,000
				Project Cost:		0	0	44,000

County Priority Projects Program

County	Item No.	Route	Description	Phase	Fund	FY2024	FY2025	FY2026
Wolfe	90069	CR-1288	Resurface Cable Ridge Road	PL				
				DN				
				RW				
				UT				
				CN	CPP			18,000
				Project Cost:		0	0	18,000
Total for Wolfe county				PL				
				DN				
				RW				
				UT				
				CN				62,000
				Total Amounts:		0	0	62,000

County Priority Projects Program

Biennium Fund Summary

Fund	Description	FY 2025	FY 2026	Total
CPP	COUNTY PRIORITY PROJECTS	0	23,857,000	23,857,000
Total Amount		0	23,857,000	23,857,000

County Priority Projects Program

Fund Summary

Fund	Description	FY 2024	FY 2025	FY 2026	Total
CPP	COUNTY PRIORITY PROJECTS	0	0	23,857,000	23,857,000
Total Amount		0	0	23,857,000	23,857,000

Vetoed in Part and Overridden March 27, 2025.

CHAPTER 129

(HB 544)

AN ACT relating to disaster relief, making an appropriation therefor, and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 39A IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Declaration" means the Presidential Declaration of a Major Disaster, designated FEMA-4860-DR-KY;

(b) "Kentucky disaster" means the severe storms, straight-line winds, flooding, and landslides that occurred in Kentucky beginning on February 14, 2025, as named in the declaration; and

(c) "SAFE 4860 fund" means the State Aid Funding for Emergencies 4860 fund established in subsection (2) of this section.

(2) The State Aid Funding for Emergencies 4860 fund is established and shall be:

(a) Administered by the Department of Military Affairs, Division of Emergency Management, in accordance with this section; and

(b) A separate fund to provide financial support for those directly impacted by the Kentucky disaster.

(3) (a) The SAFE 4860 fund may receive state appropriations, gifts, grants, federal funds, and any other funds, both public and private.

(b) Notwithstanding KRS 45.229, moneys in the SAFE 4860 fund shall not lapse and shall carry forward until June 30, 2028.

(c) Any interest earnings of the SAFE 4860 fund shall become a part of the fund and shall not lapse.

(4) The Department of Military Affairs or the Division of Emergency Management shall not publicly advertise or solicit contributions from the general public that could potentially impact fundraising efforts of nonprofit disaster relief agencies.

(5) (a) Eligibility to receive financial support from the SAFE 4860 fund shall be limited to a:

1. City, county, urban-county government, consolidated local government, unified local government, or charter county government;

2. Nonprofit or public utility service provider;

3. State agency; or

4. School district;

that has disaster-related needs as a result of the Kentucky disaster.

(b) An eligible recipient may receive moneys from the SAFE 4860 fund for expenses to provide disaster and recovery relief if the recipient is located in the areas of the Kentucky disaster and has disaster-related needs in response to the Kentucky disaster.

(6) (a) Eligible expenses shall be those used to support disaster and recovery relief, including but not limited to:

1. a. Replacement or renovation of publicly owned buildings damaged by the Kentucky disaster, but only to the extent of damage directly caused by the Kentucky disaster; and

b. Replacement, renovation, or expansion of an essential government facility that was used for existing services at the time of the Kentucky disaster, including police, fire, and ambulance stations, functioning above capacity at the time of application, but only to the extent of damage directly caused by the Kentucky disaster;

2. Reimbursement for services, personnel, and equipment provided during the response and recovery to communities impacted by the Kentucky disaster, but only to the extent of damage directly caused by the Kentucky disaster;

3. Funding to cities, counties, and publicly owned utilities for the costs of:

a. Replacement or repair of publicly owned buildings and their contents; and

b. Water and wastewater infrastructure and those systems supports;

due to the damage from the Kentucky disaster, but only to the extent of damage directly caused by the Kentucky disaster;

4. Assistance to cities and counties for expenses related to planning efforts for rebuilding and recovering from the Kentucky disaster, but only to the extent of damage directly caused by the Kentucky disaster;

5. Assistance to support disaster recovery and relief needs of local school districts, but only to the extent of loss or damage directly caused by the Kentucky disaster, including but not limited to financial support:

a. For school districts that will experience a default in bond payments; and

b. To assist school districts with building and tangible property replacement needs; and

6. Contracted employees to administer and report on the funds.

(b) The financial support shall not cover any new construction inside the one hundred (100) year floodplain area.

(7) Each recipient of moneys from the SAFE 4860 fund, including any agency of Kentucky state government, shall:

(a) Retain documentation of a timely application for any applicable reimbursement, including but not limited to federal emergency disaster grant assistance, other financial disaster assistance, and insurance proceeds; and

(b) Adhere to the terms of the SAFE 4860 fund regarding reimbursement to the Commonwealth if funds from other sources are subsequently received after the receipt of financial assistance from the Commonwealth.

(8) (a) Moneys in the SAFE 4860 fund may be used for the advancement of moneys to cities, counties, school districts, and nonprofit or public utility service providers experiencing strained fiscal liquidity while awaiting reimbursement from federal emergency management assistance or insurance claims and shall not be used for capital improvements.

(b) Reimbursement of the advancement under paragraph (a) of this subsection shall:

1. Be determined by the:

a. State-local finance officer within the Department for Local Government for cities and counties, and nonprofit or public utilities; and

b. Department of Education for school districts; and

2. Include a quarterly accounting of the advancement released and the outstanding balance through June 30, 2028.

(9) (a) If a recipient of moneys from the SAFE 4860 fund subsequently receives moneys from any other source, the recipient shall reimburse the Commonwealth for the amount of the moneys received from the SAFE 4860 fund.

(b) Before July 1, 2028, all moneys reimbursed to the Commonwealth under paragraph (a) of this subsection shall be deposited in the SAFE 4860 fund within thirty (30) days.

(c) After June 30, 2028, all moneys reimbursed to the Commonwealth under paragraph (a) of this subsection shall be deposited in the budget reserve trust fund account established in KRS 48.705 within thirty (30) days.

(10) The Division of Emergency Management shall promulgate administrative regulations in accordance with KRS Chapter 13A to carry out this section.

(11) The following reports shall be submitted to the Senate Standing Committee on Appropriations and Revenue and the House Standing Committee on Appropriations and Revenue or the Interim Joint Committee on Appropriations and Revenue by the fifteenth day of each month, beginning May 15, 2025, and ending July 15, 2029:

(a) A report from the Office of State Budget Director that includes:

1. The name of each recipient of moneys from the SAFE 4860 fund;

2. The dollar amount of moneys issued and the dates of issuance;

3. The dollar amount of any proceeds received from the Federal Emergency Management Agency, an insurance company, or any other means of reimbursement for damages;

4. A description of how the moneys were used; and

5. A list of all requests:

a. Submitted, including the amount requested;

b. Denied, including a description of the reason for the denial; and

c. Where the amount awarded was greater than or less than the amount requested, including a description of the reason for the increase or decrease; and

(b) A report from the Department of Education that includes:

1. The name of each school district receiving moneys from the SAFE 4860 fund;

2. The dollar amount of moneys issued and the dates of issuance;

3. The dollar amount of any proceeds received from the Federal Emergency Management Agency, an insurance company, or any other means of reimbursement for damages;

4. A description of how the moneys were used; and

5. A list of all requests:

a. Submitted, including the amount requested;

b. Denied, including a description of the reason for the denial; and

c. Where the amount awarded was greater than or less than the amount requested, including a description of the reason for the increase or decrease.

➔Section 2. 2024 Ky. Acts ch. 175, Part III, 24. Budget Implementation, at page 1936, is amended to read as follows:

24. Budget Implementation: ***(1)*** The General Assembly directs that the Executive Branch shall carry out all appropriations and budgetary language provisions as contained in the State/Executive Branch Budget. The Legislative Research Commission shall review quarterly expenditure data to determine if an agency is out of compliance with this directive. If the Legislative Research Commission suspects that any entity has acted in non-conformity with this section, the Legislative Research Commission may order an audit or review at the agency's expense. Such audit findings, reviews, and reports shall be subject to the Kentucky Open Records Law. The Secretary of each Cabinet, the Commissioner of Education, or agency head shall provide***, in the form and manner prescribed by the Legislative Research Commission,*** a comprehensive semiannual report, beginning February 1, 2025, to the standing Appropriations and Revenue Committees of the General Assembly or the Interim Joint Committee on Appropriations and Revenue, as appropriate, detailing expenditures related to the appropriations contained within the budgetary language provisions for each budget unit within their cabinet.

If an agency does not expend the full General Fund appropriation contained within a budgetary language provision, the unexpended funds shall be transferred to the Budget Reserve Trust Fund Account (KRS 48.705).

(2) Notwithstanding any statute to the contrary, the Governor may transfer the remaining appropriations set forth in 2022 Ky. Acts ch. 222, sec. 6, and 2022 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 7, to the SAFE 4860 Fund.

➔Section 3. 2024 Ky. Acts, ch. 175, Part I, Operating Budget, A. General Government, 6. Military Affairs, (1) Kentucky National Guard, at page 1808, is amended to read as follows:

(1) Kentucky National Guard: Included in the above General Fund appropriation is $4,500,000 in each fiscal year to be expended, subject to the conditions and procedures provided in this Act, which are required as a result of the Governor's declaration of emergency pursuant to KRS Chapter 39A, and the Governor's call of the Kentucky National Guard to active duty when an emergency or exigent situation has been declared to exist by the Governor. Notwithstanding KRS 45.229, any portion of the $4,500,000 not expended shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705) at the end of each fiscal year. In the event that costs for Governor-declared emergencies or the Governor's call of the Kentucky National Guard for emergencies or exigent situations exceed $4,500,000 annually, up to ***$100,000,000 for the 2024-2026 fiscal biennium*** ~~[$50,000,000]~~ shall be deemed necessary government expenses and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

➔Section 4. Whereas support and relief efforts are imperative for the Commonwealth to recover from the considerable damage caused by the recent disasters in this state, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 31, 2025.

CHAPTER 130

(HB 618)

AN ACT relating to alcoholic beverages.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 243.034 is amended to read as follows:

(1) A limited restaurant license may be issued to an establishment meeting the definition criteria established in KRS 241.010(37) as long as the establishment is within:

(a) Any wet territory; or

(b) Any moist precinct that has authorized the sale of alcoholic beverages under KRS 242.1244.

(2) A limited restaurant license shall authorize the licensee to purchase, receive, possess, and sell alcoholic beverages at retail by the drink for consumption on the licensed premises or off-premises consumption pursuant to KRS 243.081. The licensee shall purchase alcoholic beverages only from licensed wholesalers or distributors***, except for purchases made pursuant to subsection (5) of this section***. The license shall not authorize the licensee to sell alcoholic beverages by the package.

(3) The holder of a limited restaurant license shall maintain at least seventy percent (70%) of its gross receipts from the sale of food and maintain the minimum applicable seating requirement required for the type of limited restaurant license.

(4) A limited restaurant as defined by KRS 241.010(37)(a) shall:

(a) Only sell alcoholic beverages incidental to the sale of a meal; and

(b) Not have an open bar and shall not sell alcoholic beverages to any person who has not purchased or does not purchase a meal.

(5) (a) The holder of a limited restaurant license may purchase alcoholic beverages by the package from licensees authorized to sell distilled spirits, wine, and malt beverages at retail, but only if those alcoholic beverages have first gone through the three (3) tier system.

(b) Any purchase made pursuant to this subsection shall:

1. Only be sold by the drink for consumption on the licensed premises or off-premises consumption pursuant to KRS 243.081;

2. Be reported quarterly on a form prescribed by the department; and

3. Include a copy of each receipt of purchase.

(c) The holder of a limited restaurant license shall not purchase at retail more than:

1. Nine (9) liters of distilled spirits per month;

2. Nine (9) liters of wine per month; and

3. Three (3) cases of malt beverages per month.

➔Section 2. KRS 243.084 is amended to read as follows:

(1) A "Nonquota type 2" or "NQ2" retail drink license may be issued to an applicant operating as, or in:

(a) A hotel that:

1. Contains at least fifty (50) sleeping units; and

2. Receives from its total food and alcoholic beverage sales at least fifty percent (50%) of its gross receipts from the sale of food;

(b) A restaurant;

(c) An airport;

(d) A riverboat;

(e) A distiller; or

(f) A business located within, or adjacent to, an entertainment destination center licensed premises.

(2) A holder of an NQ2 retail drink license may purchase, receive, possess, and sell alcoholic beverages at retail by the drink for consumption on the licensed premises or off-premises consumption pursuant to KRS 243.081. The licensee shall purchase alcoholic beverages only from licensed wholesalers or distributors***, except for purchases made by restaurants pursuant to subsection (4) of this section***. A distiller may purchase its own products for retail drink sales under KRS 243.0305. The holder of an NQ2 retail drink license shall store alcoholic beverages in the manner prescribed in KRS 244.260.

(3) (a) To qualify for an NQ2 license, a riverboat shall have a regular or alternative place of mooring in a wet county or city of this state.

(b) If a riverboat moors or makes landfall in a location other than its regular or alternate regular place of mooring, all alcoholic beverages shall be kept locked.

(c) A riverboat licensed under this subsection shall not take on or discharge passengers when mooring or making landfall in dry option territory.

(4) (a) A holder of an NQ2 retail drink license operating as a restaurant may purchase alcoholic beverages by the package from licensees authorized to sell distilled spirits, wine, and malt beverages at retail, but only if those alcoholic beverages have first gone through the three (3) tier system.

(b) Any purchase made pursuant to this subsection shall:

1. Only be sold by the drink for consumption on the licensed premises or off-premises consumption pursuant to KRS 243.081;

2. Be reported quarterly on a form prescribed by the department; and

3. Include a copy of each receipt of purchase.

(c) A holder of an NQ2 retail drink license shall not purchase at retail more than:

1. Nine (9) liters of distilled spirits per month;

2. Nine (9) liters of wine per month; and

3. Three (3) cases of malt beverages per month.

➔Section 3. KRS 243.088 is amended to read as follows:

(1) A "Nonquota type 4" or "NQ4" retail malt beverage drink license may be issued to the holder of a quota retail drink license, microbrewery license, small farm winery license, or any other business wishing to sell malt beverages by the drink for consumption on the premises only.

(2) An NQ4 retail malt beverage drink license shall authorize the licensee to:

(a) Sell malt beverages at retail by the drink from only the licensed premises for consumption at the licensed premises only; and

(b) Purchase malt beverages only from a distributor***, except for purchases made pursuant to subsection (5) of this section***.

(3) The holder of an NQ4 retail malt beverage drink license may also hold a nonquota retail malt beverage package license.

(4) A nonquota retail malt beverage drink license shall not be issued to any premises from which gasoline and lubricating oil are sold or from which the servicing and repair of motor vehicles is conducted, unless there is maintained in inventory on the premises for sale at retail not less than five thousand dollars ($5,000) of food, groceries, and related products valued at cost. For purposes of this subsection, the term "food and groceries" has the meaning provided in KRS 243.280. This section shall not apply to any licensed premises that sells no fuel other than marine fuel.

(5) (a) The holder of an NQ4 retail malt beverage drink license may purchase malt beverages by the package from licensees authorized to sell malt beverages at retail, but only if those malt beverages have first gone through the three (3) tier system.

(b) Any purchase made pursuant to this subsection shall:

1. Only be sold by the drink for consumption on the licensed premises;

2. Be reported quarterly on a form prescribed by the department; and

3. Include a copy of each receipt of purchase.

(c) The holder of an NQ4 retail malt beverage drink license shall not purchase at retail more than three (3) cases of malt beverages per month.

➔Section 4. KRS 243.250 is amended to read as follows:

(1) A quota retail drink license shall authorize the licensee to purchase, receive, possess, and sell distilled spirits and wine at retail by the drink for consumption on the licensed premises, or off-premises consumption pursuant to KRS 243.081. The licensee shall purchase distilled spirits and wine only from licensed wholesalers***, except for purchases made pursuant to subsection (2) of this section***.

(2) (a) The holder of a quota retail drink license may purchase distilled spirits and wine by the package from licensees authorized to sell distilled spirits and wine at retail, but only if those distilled spirits and wine have first gone through the three (3) tier system.

(b) Any purchase made pursuant to this subsection shall:

1. Only be sold by the drink for consumption on the licensed premises or off-premises consumption pursuant to KRS 243.081;

2. Be reported quarterly on a form prescribed by the department; and

3. Include a copy of each receipt of purchase.

(c) The holder of a quota retail drink license shall not purchase at retail more than:

1. Nine (9) liters of distilled spirits per month; and

2. Nine (9) liters of wine per month.

➔Section 5. KRS 243.036 is amended to read as follows:

(1) A special temporary alcoholic beverage auction license may be issued to ***an auctioneer licensed under KRS Chapter 330 or to*** a charitable or nonprofit organization.

(2) A special temporary alcoholic beverage auction license ***issued to a charitable or nonprofit organization*** shall authorize the holder to:

(a) Purchase, transport, receive, possess, store, sell, and deliver alcoholic beverages to be sold by auction or raffle or consumed at charity or nonprofit events;

(b) Purchase, transport, receive, possess, store, sell, and deliver limited specially labeled bottles of alcoholic beverages to be sold at charity or nonprofit events;

(c) Obtain alcoholic beverages from distillers, rectifiers, wineries, small farm wineries, brewers, microbreweries, wholesalers, distributors, retailers, or any other person, by gift or donation, for the purpose of charity or nonprofit events; and

(d) Receive payment for alcoholic beverages sold at events.

(3) ***For a charitable or nonprofit auction:***

(a) Each alcoholic beverage auction or raffle conducted by a charitable organization shall be subject to all restrictions and limitations contained in KRS Chapters 241 to 244 and the administrative regulations issued under those chapters and shall be authorized only on the days and only during the hours that the sale of alcoholic beverages is otherwise authorized in the county or municipality***; and***~~[.]~~

(b)~~[(4)]~~ The location at which the alcoholic beverages are auctioned, raffled, or consumed under this section shall not constitute a public place for the purpose of KRS Chapter 222. Charitable or nonprofit events may be conducted on licensed or unlicensed premises. The charitable organization possessing a special temporary alcoholic beverage auction license shall post a copy of the license at the location of the event.

(4) An auctioneer holding a special temporary alcoholic beverage auction license may:

(a) Transport, receive, possess, store, advertise, auction, sell, deliver, and ship alcoholic beverages either sold or intended for sale at auction by the licensee;

(b) Sell only alcoholic beverages at auction that:

1. Were previously lawfully sold at retail; and

2. Are in their original manufacturer's unopened container;

(c) Deliver and ship any alcoholic beverages sold at an auction directly to the consumer who purchased the alcoholic beverages. Any shipment to a consumer outside of this state is subject to all applicable laws of the jurisdiction in which that consumer is located. When shipping alcoholic beverages directly to a consumer in this state, the auctioneer holder of the license shall:

1. Ensure that the shipping label on each container containing the alcoholic beverages conspicuously states the following: "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY";

2. Obtain the signature of a person who is at least twenty-one (21) years of age at the delivery address prior to delivery, after requiring that person to demonstrate that he or she is at least twenty-one (21) years of age by providing a valid identification document; and

3. Not ship the alcoholic beverages to any address in this state located in dry territory; and

(d) Conduct the auction on premises licensed by the department, unlicensed premises, or online.

(5) ***A special temporary alcoholic beverage auction conducted by an auctioneer shall be:***

(a) Subject to all restrictions and limitations contained in KRS Chapters 241 to 244 and the administrative regulations issued under those chapters;

(b) Separate from any other type of alcoholic beverage auction authorized under KRS Chapters 241 to 244, but may be combined with other types of auctions authorized under KRS Chapter 330;

(c) Authorized for in-person live auctions and online auction closings only on the days and only during the hours that the sale of alcoholic beverages is otherwise authorized in the county or municipality where the live auction is held or, for an online auction, the physical location of the alcoholic beverages being sold; and

(d) Subject to the auction and auctioneer requirements of KRS Chapter 330.

(6) An auctioneer conducting a special temporary alcoholic beverage auction shall:

(a) Post a copy of its special temporary alcoholic beverage auction license and auctioneer license at the location of the event for in-person auctions and on the auction website for online auctions; and

(b) Not hold any other type of alcoholic beverage license.

(7) Alcoholic beverages shall only be sold by an auctioneer under a special temporary alcoholic beverage auction license if the alcoholic beverages were not purchased or attained for the purpose of resale at auction and in the following circumstances:

(a) As an "Estate Auction," or included in such auction where the alcoholic beverages being offered at auction are the property belonging to the estate of one (1) or more deceased persons and are being offered by:

1. The direction and authority of the authorized executor or administrator;

2. Court order; or

3. The direction or on behalf of a surviving spouse or direct heirs;

(b) As a "Living Estate Auction" or "Downsizing Auction" or included in such auction where the alcoholic beverages being offered at auction are the property belonging to a person or persons of a household that is in transition due to one (1) of the following life-changing situations:

1. One (1) or more members of the household moving into a retirement home, nursing home, assisted living home, or a smaller residence; or

2. Combining one (1) household with another; or

(c) As a partial or complete disbursement of an alcoholic beverage collection consisting of more than one (1) package that has been collected by the same individual or household. An individual or household shall not sell collections at auction more than once every three (3) years.

(8) (a) A person shall not purchase alcoholic beverages from an auctioneer at a special temporary alcoholic beverage auction unless that person may lawfully receive or possess the alcoholic beverages.

(b) Nothing in this section shall prevent a vintage distilled spirits licensee from purchasing alcoholic beverages at auction if the alcoholic beverages qualify as vintage distilled spirits.

(9) All advertising for an auctioneer special temporary alcoholic beverage auction shall:

(a) Show the name and license number for the special temporary alcoholic beverage auction license and the auctioneer license; and

(b) Conform to all advertising requirements and restrictions for auctions contained in KRS Chapter 330 and any administrative regulations promulgated under that chapter.

(10) If a person ceases to be licensed as an auctioneer under KRS Chapter 330, the person's special temporary alcoholic beverage auction license shall be automatically suspended until the person reestablishes licensure as an auctioneer.

(11) An auctioneer holding a special temporary alcoholic beverage auction license shall file a quarterly report with the department, which shall be established and maintained by the department, utilizing a form prescribed by the department that includes the following information:

(a) The number of alcoholic beverage packages auctioned in the preceding three (3) months in total, with each purchase matched to the individuals who both sold and purchased the alcoholic beverages;

(b) The date of each purchase;

(c) The name, address, and phone number of each individual who sold and purchased the alcoholic beverages;

(d) A detailed description of the alcoholic beverages purchased, including the brand name, number of packages, and the size of the packages; and

(e) Whether each alcoholic beverage package was purchased in-person, delivered in-person, or shipped.

(12) A special temporary alcoholic beverage auction license shall not be issued for any period longer than thirty (30) days.

(13)~~[(6)]~~ Notwithstanding any other provision of KRS Chapters 241 to 244, a distiller, rectifier, winery, small farm winery, brewer, microbrewery, wholesaler, distributor, or retailer may donate, give away, or deliver any of its products to a charitable or nonprofit organization possessing a special temporary alcoholic beverage auction license under this section.

(14)~~[(7)]~~ All restrictions and prohibitions applying to an alcoholic beverage retail package and alcoholic beverage by the drink license, not inconsistent with this section, shall apply to a special temporary alcoholic beverage auction license.

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 330 IS CREATED TO READ AS FOLLOWS:

(1) An auctioneer licensed under this chapter may obtain a special temporary alcoholic beverage auction license from the Department of Alcoholic Beverage Control. A special temporary alcoholic beverage auction license shall allow the auctioneer to auction alcoholic beverages as authorized in Section 5 of this Act.

(2) An auctioneer who receives a suspension or revocation from the Department of Alcoholic Beverage Control for a violation relating to a special temporary alcoholic beverage auction license may be subject to additional discipline by the board under this chapter.

(3) The Department of Alcoholic Beverage Control shall have no authority to take any action relating to an auctioneer's license issued under this chapter.

(4) An auctioneer may auction alcoholic beverages as a separate auction or in the same auction with other types of real property, personal property, or any combination thereof.

➔Section 7. KRS 243.033 is amended to read as follows:

(1) A caterer's license may be issued as a supplementary license to a caterer that holds a quota retail package license, a quota retail drink license, an NQ1 license, an NQ2 license, or a limited restaurant license.

(2) The caterer's license may be issued as a primary license to a caterer in any wet territory or in any moist territory under KRS 242.1244 for the premises that serves as the caterer's commissary and designated banquet hall. No primary caterer's license shall authorize alcoholic beverage sales at a premises that operates as a restaurant. The alcoholic beverage stock of the caterer shall be kept under lock and key at the licensed premises during the time that the alcoholic beverages are not being used in conjunction with a catered function.

(3) The caterer's license shall authorize the caterer to:

(a) Purchase and store alcoholic beverages in the manner prescribed in KRS 243.088, 243.250, and 244.260;

(b) Transport, sell, serve, and deliver alcoholic beverages by the drink at locations away from the licensed premises or at the caterer's designated banquet hall in conjunction with the catering of food and alcoholic beverages for a customer and the customer's guests, in:

1. Cities and counties established as moist territory under KRS 242.1244 if the receipts from the catering of food at any catered event are at least seventy percent (70%) of the gross receipts from the catering of both food and alcoholic beverages;

2. Precincts established as moist territory if the receipts from the catering of food at any catered event are at least ten percent (10%) of the gross receipts from the catering of both food and alcoholic beverages. This subparagraph shall supersede any conflicting provisions of KRS Chapters 241 to 244;

3. Wet cities and counties in which quota retail drink licenses are not available if the receipts from the catering of food at any catered event are at least fifty percent (50%) of the gross receipts from the catering of both food and alcoholic beverages; or

4. All other wet territory if the receipts from the catering of food at any catered event are at least thirty-five percent (35%) of the gross receipts from the catering of both food and alcoholic beverages;

(c) Receive and fill telephone orders for alcoholic beverages in conjunction with the ordering of food for a catered event; and

(d) Receive payment for alcoholic beverages served at a catered event on a by-the-drink, cash bar, or by-the-event basis. The caterer may bill the customer for by-the-function sales of alcoholic beverages in the usual course of the caterer's business.

(4) A caterer licensee shall not cater alcoholic beverages at locations for which retail alcoholic beverage licenses or special temporary licenses have been issued. A caterer licensee may cater a ***charitable or nonprofit***

fundraising event for which a special temporary alcoholic beverage auction license has been issued under KRS 243.036.

(5) A caterer licensee shall not cater alcoholic beverages on Sunday except in territory in which the Sunday sale of alcoholic beverages is permitted under the provisions of KRS 244.290 and 244.480.

(6) The location at which alcoholic beverages are sold, served, and delivered by a caterer, pursuant to this section, shall not constitute a public place for the purpose of KRS Chapter 222. If the location is a multi-unit structure, only the unit or units at which the function being catered is held shall be excluded from the public place provisions of KRS Chapter 222.

(7) The caterer licensee shall post a copy of the licensee's caterer's license at the location of the function for which alcoholic beverages are catered.

(8) All restrictions and prohibitions applying to a quota retail drink licensee and an NQ4 retail malt beverage drink licensee not inconsistent with this section shall apply to the caterer licensee.

(9) The caterer licensee shall maintain records as set forth in KRS 244.150 and in administrative regulations promulgated by the board.

(10) Notwithstanding subsection (3)(b) of this section, a caterer may serve alcoholic beverages to guests who are twenty-one (21) years of age or older at a private event in dry territory if:

(a) The alcoholic beverages were lawfully purchased in a wet or moist territory:

1. By an individual; or

2. At the caterer's licensed premises in wet or moist territory; and

(b) The alcoholic beverages are not sold in dry territory to guests at the private residence or private event regardless of whether the venue is a public place.

➔Section 8. KRS 243.110 is amended to read as follows:

(1) Except as provided in subsection (3) of this section, each kind of license listed in KRS 243.030 shall be incompatible with every other kind listed in that section and no person or entity holding a license of any of those kinds shall apply for or hold a license of another kind listed in KRS 243.030.

(2) (a) Each kind of license listed in KRS 243.040(1), (3), or (4) shall be incompatible with every other kind listed in KRS 243.040(1), (3), or (4), and no person holding a license of any of those kinds shall apply for or hold a license of any other kind listed in KRS 243.040(1), (3), or (4).

(b) A brewery holding a license listed in KRS 243.040(5) or (8) shall not apply for or hold a license listed in KRS 243.040(3) or (4).

(3) (a) The holder of a quota retail package license may also hold a quota retail drink license, an NQ1 retail drink license, an NQ2 retail drink license, an NQ3 retail drink license, or a special nonbeverage alcohol license.

(b) The holder of a transporter's license may also hold a distilled spirits and wine storage license.

(c) The holder of a distiller's license may also hold a rectifier's license, a special nonbeverage alcohol license, a winery license, or a small farm winery license.

(d) A commercial airline system or charter flight system retail license, a commercial airline system or charter flight system transporter's license, and a retail drink license if held by a commercial airline or charter flight system may be held by the same licensee.

(e) A Sunday retail drink license, vintage distilled spirits license, and supplemental license may be held by the holder of a primary license.

(f) The holder of a distiller's, winery, small farm winery, brewer, microbrewery, distilled spirits and wine supplier's, or malt beverage supplier's license may also hold a direct shipper license.

(g) The holder of an NQ1 retail drink license, an NQ2 retail drink license, ***an NQ3 retail drink license, a quota retail drink license,*** or a limited restaurant license may also hold a limited nonquota package license.

(4) Any person may hold two (2) or more licenses of the same kind.

(5) A person or entity shall not evade the prohibition against applying for or holding licenses of two (2) kinds by applying for a second license through or under the name of a different person or entity. The state administrator shall examine the ownership, membership, and management of applicants, and shall deny the application for a license if the applicant is substantially interested in a person or entity that holds an incompatible license.

➔Section 9. KRS 243.238 is amended to read as follows:

(1) A limited nonquota package license may be issued as a supplementary license to a licensee that holds an NQ1 retail drink license, an NQ2 retail drink license, ***an NQ3 retail drink license, a quota retail drink license,*** or a limited restaurant license in a jurisdiction that has authorized the sale of distilled spirits and wine by the package.

(2) The limited nonquota package license shall authorize the licensee to:

(a) Purchase private selection packages in the original manufacturer's unopened containers; and

(b) Sell private selection packages at retail in the original manufacturer's unopened containers, and only for consumption off the licensed premises.

(3) The licensee shall purchase private selection packages in accordance with KRS 243.0305(4).

Signed by Governor March 31, 2025.

CHAPTER 131

(HB 369)

AN ACT relating to police department members.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 95.495 is amended to read as follows:

(1) Except as provided in KRS 337.285, in cities listed on the registry pursuant to subsection (3) of this section or urban-county governments, except those in which, by ordinance, the patrolmen are employed or paid by the day, the members of the police department shall not be required to work more than eight (8) hours per day, for five (5) days each week or ten (10) hours per day, for four (4) days each week, except in the event of an emergency. Each member of the police department shall ***be permitted to accrue***~~[have]~~ an annual leave of fifteen (15) working days with full pay ***each year, as specifically established in the personnel policy applicable to members of the department***. Nothing in this section shall prohibit a member of the police department from voluntarily agreeing to work a different work schedule provided that the officer is paid overtime for any work performed in excess of forty (40) hours per week.

(2) The salary of the members of the police department shall not be reduced by reason of the enactment of this section.

(3) On or before January 1, 2015, the Department for Local Government shall create a registry of cities that shall comply with the provisions of this section. The Department for Local Government shall include each of those cities on the registry that were classified as cities of the second or third class on August 1, 2014. The Department for Local Government shall make the information included on the registry available to the public by publishing it on its ***website***~~[Web site]~~.

Signed by Governor March 31, 2025.

CHAPTER 132

(HB 72)

AN ACT relating to limited X-ray machine operators.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 311B.020 is amended to read as follows:

As used in this chapter, unless the context clearly requires otherwise:

(1) "Accredited educational program" means a program that is approved by a national organization acceptable to the board to provide education in medical imaging or radiation therapy;

(2) "Actively employed" means an individual who is appropriately credentialed and currently employed as an advanced imaging professional, medical imaging technologist, radiation therapist, an educator or administrator in any of these disciplines, or a limited X-ray machine operator;

(3) "Advanced imaging professional" means an individual who is credentialed by a nationally recognized certification organization that is recognized by the board;

(4) "Authorized user" means a physician, dentist, or podiatrist identified on a radioactive materials license that authorizes the medical use of radioactive materials if the license was issued by:

(a) The Cabinet for Health and Family Services;

(b) The United States Nuclear Regulatory Commission; or

(c) Another United States Nuclear Regulatory Commission agreement state;

(5) "Board" means the Kentucky Board of Medical Imaging and Radiation Therapy;

(6) "Credentialed" means someone who is certified and registered by an appropriate national organization that is recognized by the board;

(7) "Continuing education" means a learning activity that is planned, organized, and administered to enhance the professional knowledge and skills of a licensed individual of medical imaging or radiation therapy to provide services for patients, the public, or the medical profession;

(8) "Licensed practitioner" or "licensed practitioner of the healing arts" means a person licensed in Kentucky to practice medicine, osteopathy, dentistry, chiropractic, podiatry, or veterinary medicine;

(9) "Limited X-ray machine operator" means an individual who performs limited radiographic procedures ***that shall not include***~~[in facilities where]~~ contrast studies, ***fluoroscopy***~~[fluoroscopic]~~, nuclear medicine, or radiation therapy procedures~~[are not performed]~~;

(10) "Medical imaging technologist" means an individual who has completed an accredited educational program in radiography, nuclear medicine, or other imaging modality recognized by the board and who is licensed and granted privileges under this chapter. ~~[Only]~~An individual licensed as a medical imaging technologist ***or a limited X-ray machine operator*** shall be employed to perform medical imaging at a facility where contrast studies, ***fluoroscopy***~~[fluoroscopic]~~, nuclear medicine, or radiation therapy procedures are performed***, but a limited X-ray machine operator may only perform limited diagnostic radiography***;

(11) "National organization" means:

(a) The American Society of Radiologic Technologists;

(b) The Nuclear Medicine Technology Certification Board;

(c) The American Registry of Radiologic Technologists;

(d) The Society of Nuclear Medicine Technologist Section;

(e) The Joint Review Committee on Education in Radiologic Technology;

(f) The Joint Review Committee on Educational Programs in Nuclear Medicine Technology;

(g) The American College of Radiology; or

(h) Another national organization recognized by the board;

(12) "Nuclear medicine technologist" means an individual who is authorized to prepare and administer radiopharmaceuticals, pharmaceuticals, and radionuclides under the direction of an authorized user to perform nuclear medicine procedures for diagnostic and therapeutic purposes;

(13) "Post-primary certification" means an individual who has primary certification and has been awarded post-primary certification by a national organization that has been recognized by the board;

(14) "Primary certification" means an individual who has successfully completed a formal educational program and certification in radiography, nuclear medicine, radiation therapy, or other modality recognized by the board;

(15) "Radiation therapist" means an individual who:

(a) Has completed an accredited educational program in radiation therapy;

(b) Is licensed by the board; and

(c) Is authorized to utilize ionizing radiation-generating equipment and sources of radiation for the planning, localization, and delivery of therapeutic procedures on human beings; and

(16) "Radiographer" means an individual who is authorized to use ionizing radiation-generating equipment to perform a comprehensive scope of diagnostic imaging procedures and is responsible for the operation of radiation-generating equipment, protecting the patient and staff from unnecessary radiation, and selecting the appropriate exposure to produce diagnostic images with the lowest reasonable exposure.

Signed by Governor March 31, 2025.

CHAPTER 133

(HB 114)

AN ACT relating to landowner liability for recreational use permission.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 150.645 is amended to read as follows:

(1) An owner, lessee**,** or occupant of premises who gives permission to another person to hunt, fish, trap, camp**,** ~~[or]~~hike***, rock climb, boulder, or rappel*** upon the premises shall owe no duty to keep the premises safe for entry or use by the person or to give warning of any hazardous conditions on the premises, and the owner, lessee, or occupant, by giving his or her permission, does not thereby extend any assurance that the premises are safe for such purpose, or constitute the person to whom permission is granted an invitee to whom a duty of care is owed. The owner, lessee, or occupant giving permission for any of the purposes stated above shall not be liable for any injury to any person or property caused by the negligent acts of any person to whom permission is granted. This section shall not limit the liability which would otherwise exist for willful and malicious failure to guard or to warn against a dangerous condition, use, structure, or activity; or for injury suffered in any case where permission to hunt, fish, trap, camp, ~~[or]~~hike***, rock climb, boulder, or rappel*** was granted for a consideration other than the consideration, if any, as set forth in KRS 411.190(1)(d), paid to said owner, lessee, or occupant by the state. The word "premises" as used in this section includes lands, ***rocks, boulders, cliffs,*** private ways, and any buildings and structures thereon. Nothing in this section limits in any way any liability which otherwise exists.

(2) Department employees who participate in bona fide wildlife management practices are agents of the department and state and, in the event property damage does occur, a claim for property damages may only be brought in the Board of Claims pursuant to KRS 49.040 to 49.180.

➔Section 2. KRS 411.190 is amended to read as follows:

(1) As used in this section:

(a) "Land" means land, ***rocks, boulders, cliffs,*** roads, water, watercourses, private ways and buildings, structures, and machinery or equipment when attached to the realty;

(b) "Owner" means the possessor of a fee, reversionary, or easement interest, a tenant, lessee, occupant, or person in control of the premises;

(c) "Recreational purpose" includes, but is not limited to, any of the following, or any combination thereof: hunting, fishing, swimming, boating, camping, picnicking, hiking, ***rock climbing, bouldering, rappelling,*** bicycling, horseback riding, pleasure driving, nature study, water-skiing, winter sports, and viewing or enjoying historical, archaeological, scenic, or scientific sites; and

(d) "Charge" means the admission price or fee asked in return for invitation or permission to enter or go upon the land but does not include fees for general use permits issued by a government agency for access to public lands if the permits are valid for a period of not less than thirty (30) days.

(2) The purpose of this section is to encourage owners of land to make land and water areas available to the public for recreational purposes by limiting their liability toward persons entering thereon for such purposes.

(3) Except as specifically recognized by or provided in subsection (6) of this section, an owner of land owes no duty of care to keep the premises safe for entry or use by others for recreational purposes, or to give any warning of a dangerous condition, use, structure, or activity on the premises to persons entering for such purposes.

(4) Except as specifically recognized by or provided in subsection (6) of this section, an owner of land who either directly or indirectly invites or permits without charge any person to use the property for recreation purposes does not thereby:

(a) Extend any assurance that the premises are safe for any purpose;

(b) Confer upon the person the legal status of an invitee or licensee to whom a duty of care is owed; or

(c) Assume responsibility for or incur liability for any injury to person or property caused by an act or omission of those persons.

(5) Unless otherwise agreed in writing, the provisions of subsections (3) and (4) of this section shall be deemed applicable to the duties and liability of an owner of land leased to the state or any subdivision thereof for recreational purposes.

(6) Nothing in this section limits in any way any liability which otherwise exists:

(a) For willful or malicious failure to guard or warn against a dangerous condition, use, structure, or activity; or

(b) For injury suffered in any case where the owner of land charges the person or persons who enter or go on the land for the recreational use thereof, except that in the case of land leased to the state or a subdivision thereof, any consideration received by the owner for the lease shall not be deemed a charge within the meaning of this section.

(7) Nothing in this section shall be construed to:

(a) Create a duty of care or ground of liability for injury to persons or property;

(b) Relieve any person using the land of another for recreational purposes from any obligation which he ***or she*** may have in the absence of this section to exercise care in his ***or her*** use of the land and in his ***or her*** activities thereon, or from the legal consequences of failure to employ such care; or

(c) Ripen into a claim for adverse possession, absent a claim of title or legal right.

(8) No action for the recovery of real property, including establishment of prescriptive easement, right-of-way, or adverse possession, may be brought by any person whose claim is based on use solely for recreational purposes.

Signed by Governor March 31, 2025.

CHAPTER 134

(HB 444)

AN ACT relating to commercial driver's licenses.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 281A.170 is amended to read as follows:

(1) The commercial driver's license shall be marked "commercial driver's license" and "CDL" and shall be, to the maximum extent practicable, tamper proof. It shall include but is not limited to the following information:

(a) The name and present resident address of the licensee;

(b) The licensee's photograph;

(c) A physical description of the licensee including sex, height, weight, and eye color;

(d) The licensee's date of birth;

(e) The licensee's signature;

(f) The class or type of commercial motor vehicle or vehicles that the person is authorized to drive together with any endorsements or restrictions;

(g) The name of this state;

(h) The dates between which the license is valid; and

(i) Any other information required by the cabinet, except for a person's Social Security number.

(2) A commercial driver's license issued under this chapter shall contain a denotation that either:

(a) The commercial driver's license is a voluntary travel ID identity document that complies with the security standards set forth by Pub. L. No. 109-13, Title II, and may be used for identification for federal purposes; or

(b) The commercial driver's license shall not be used for federal identification purposes.

(3) A commercial driver's license shall be issued with classifications, endorsements, and restrictions. Vehicles that require an endorsement shall not be driven unless the proper endorsement appears on the license and the applicant has passed the knowledge and skills test required by the State Police.

(a) Classifications:

1. Class A - Any combination of vehicles with a gross vehicle weight rating of twenty-six thousand and one (26,001) pounds or more, if the gross vehicle weight rating of the vehicle being towed is in excess of ten thousand (10,000) pounds. Licensees with an "A" classification may with the proper endorsement drive Class B and C vehicles;

2. Class B - Any single vehicle with a gross vehicle weight rating of twenty-six thousand and one (26,001) pounds or more, and any vehicle towing a vehicle not in excess of ten thousand (10,000) pounds gross vehicle weight rating. Licensees with a "B" classification may with the proper endorsements drive Class C vehicles;

3. Class C - Any single vehicle with a gross vehicle weight rating of less than twenty-six thousand and one (26,001) pounds or any vehicle towing a vehicle with a gross vehicle weight rating not in excess of ten thousand (10,000) pounds which includes:

a. Vehicles designed to transport sixteen (16) or more passengers, including the driver; or

b. Vehicles used in the transportation of hazardous materials which requires the vehicle to be placarded under 49 C.F.R. secs. 172.500 to 172.560, as adopted by administrative regulations of the cabinet, pursuant to KRS Chapter 13A;

4. Class D - All other vehicles not listed in any other class, including mopeds; and

5. Class M - Motorcycles. Licensees with a "M" classification may also drive mopeds.

(b) Endorsements:

1. "H" - Authorizes the driver to operate a vehicle transporting hazardous materials;

2. "T" - Authorizes operation of double trailers and triple trailers in those jurisdictions allowing the operation of triple trailers;

3. "P" - Authorizes operation of vehicles carrying passengers;

4. "N" - Authorizes operation of tank vehicles;

5. "X" - Authorizes operation of combination of hazardous materials and tank vehicle endorsements;

6. "R" - Authorizes operation of all other endorsements not otherwise specified; and

7. "S" - Authorizes operation of school buses.

(c) The Transportation Cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A to outline restrictions on the operation of commercial vehicles and the associated codes to identify such restrictions, which shall appear on the face of the commercial driver's license.

(4) Within ten (10) days after issuing a commercial driver's license, the cabinet shall notify the commercial driver's license information system of that fact, providing all information required to ensure identification of the person.

(5) A commercial driver's license issued to a resident pursuant to this chapter shall expire in eight (8) years unless the license was issued to a resident under the age of twenty-one (21).

(6) A person under the age of twenty-one (21)***:***

(a) Shall not be***:***

1. Licensed to operate a Class A, B, or C vehicle unless he or she has a "K" restriction***; or***

2. Allowed to operate a school bus; and

(b) Who holds a valid CDL may be issued a hazardous materials endorsement to transport hazardous materials in intrastate commerce.

(7) A commercial driver with a "K" restriction shall not drive a commercial motor vehicle in interstate commerce, unless he or she is exempt pursuant to 49 C.F.R. sec. 391.2~~[. A commercial driver under the age of twenty-one (21) shall not be allowed to operate a school bus or a vehicle transporting hazardous material in intrastate commerce]~~.

(8)~~[(7)]~~ The holder of a commercial driver's license shall be considered to hold a valid Kentucky driver's license issued under the provisions of KRS 186.4102 and 186.412.

➔Section 2. KRS 281A.185 is amended to read as follows:

(1) The Commonwealth shall not mask, defer imposition of judgment, or allow an individual to enter into a diversion program that would prevent a CLP or CDL holder's conviction for any violation, in any type of motor vehicle, of a state or local traffic control law from appearing on the CDLIS driver record, whether the ***driver's conviction was***~~[driver was convicted]~~ for an offense committed in the Commonwealth or another state.

(2) This section shall not apply to the following violations:

(a) Parking;

(b) Vehicle weight; or

(c) Vehicle defect.

(3) When any actions under subsection (1) of this section occur, the conviction must be reported from the court to the licensing agency to be recorded on the driver's record and trigger any appropriate disqualifying action.

Signed by Governor March 31, 2025.

CHAPTER 135

(HB 462)

AN ACT relating to the correction of marriage documents.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 402 IS CREATED TO READ AS FOLLOWS:

(1) A clerk of the county where a marriage license was issued or recorded, upon receipt of an affidavit executed by both parties to the marriage, may correct a marriage application or marriage license that contains errors or omitted information. The corrections may include but are not limited to:

(a) Misspelling of a participant's name or address;

(b) Misspelling of the name of a parent or witness;

(c) Omitted witness, county of marriage, or officiant information; or

(d) Incorrect:

1. Occupational information;

2. Marriage date;

3. Location of birth; or

4. Parent information.

(2) Nothing in this section shall preclude the parties from obtaining a corrected marriage license by an order of the court pertaining to any of the information in subsection (1) of this section or as may be otherwise required by law.

(3) Any person who intentionally makes a material false statement in the affidavit shall be subject to the penalties prescribed in KRS 523.030.

➔Section 2. KRS 209A.045 is amended to read as follows:

(1) There is hereby created a trust and agency account in the State Treasury to be known as the domestic violence shelter fund. Each county clerk shall remit to the fund, by the tenth of the month, ten dollars ($10)~~[from each twenty four dollars ($24)]~~ collected during the previous month from the issuance ***or amending*** of marriage licenses. The fund shall be administered by the Department of Revenue. The Cabinet for Health and Family Services shall use the funds for the purpose of providing protective shelter services for domestic violence victims.

(2) The Cabinet for Health and Family Services shall designate one (1) nonprofit corporation in each area development district to serve as the primary service provider and regional planning authority for domestic violence shelter, crisis, and advocacy services in the district in which the designated provider is located.

Signed by Governor March 31, 2025.

CHAPTER 136

(HB 524)

AN ACT relating to the Commonwealth's property and casualty insurance fund and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 56.065 is amended to read as follows:

As used in KRS ***56.065***~~[56.070]~~ to 56.180, unless the context requires otherwise:

(1) "Subject of risk" means any or all property reasonably considered to be subject to loss or damage by any single occurrence of any event insured against.

(2) "Cabinet" means the Finance and Administration Cabinet.

➔Section 2. KRS 56.070 is amended to read as follows:

(1) The cabinet shall***:***

(a) Determine which state property shall be insured against loss by fire and other hazards***; and***~~[. The cabinet shall]~~

(b) Insure with a responsible company or companies authorized to do business in Kentucky all property financed under a statutory amortization plan, to the extent of the lien indebtedness upon the property or to the extent of its reasonable value, whichever is the lesser.

(2) Any officer or agent of the state having control or custody of any property belonging to or controlled or used by the state or any agency of the state may, with the approval of the secretary of the~~[Finance and Administration]~~ cabinet, from the funds allotted to such agency, purchase insurance of an additional kind or kinds which cannot properly be covered in the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund.

➔Section 3. KRS 56.095 is amended to read as follows:

Notwithstanding the provisions of any other law, KRS Chapter 45A shall apply to~~[fire and tornado]~~ insurance contracts entered into by the cabinet ***under KRS 56.065 to 56.180***, except as provided in KRS 45A.022.

➔Section 4. KRS 56.100 is amended to read as follows:

(1) (a) ***1.*** Each fiscal year***,*** the State Treasurer shall deduct from any funds in the Treasury payable to an agency for the care and maintenance of public buildings or property an amount equal to the premiums certified to him or her as chargeable against that agency.

2. The amount so debited shall be credited to an account kept by the State Treasurer and known as the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund.

(b) ***Notwithstanding KRS 56.090:***

1. On and after ***the effective date of this Act***~~[March 29, 2023]~~, until June 30, ***2030***~~[2025]~~, ***a***~~[no]~~ premium shall ***not*** be charged on any one (1) subject of risk upon a valuation of more than ten million dollars ($10,000,000), unless the Office of the Controller in the~~[Finance and Administration]~~ cabinet has contracted for reinsurance that limits the liability of the fund to ten million dollars ($10,000,000) upon that risk***; and***~~[.]~~

2.~~[(c)]~~ On and after July 1, ***2030***~~[2025]~~, ***a***~~[no]~~ premium shall ***not*** be charged on any one (1) subject of risk upon a valuation of more than one million dollars ($1,000,000), unless the Office of the Controller in the~~[Finance and Administration]~~ cabinet has contracted for reinsurance that limits the liability of the fund to one million dollars ($1,000,000) upon ***that***~~[such subject of]~~ risk.

(2) ***(a)*** The Office of the Controller in the~~[Finance and Administration]~~ cabinet shall prescribe a certificate setting forth the terms and conditions of coverage under the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund.

(b) Different forms of certificates may be used for different risks ***and the***~~[. Such]~~ certificates may contain such terms and conditions as the Office of the Controller in the~~[Finance and Administration]~~ cabinet may prescribe, including but not limited to a deductible, in order that there be fair allocation of significant losses and the elimination of unnecessary costs in administering the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund.

➔Section 5. KRS 56.110 is amended to read as follows:

In case any building or other property belonging to the state or a state agency is damaged by any of the perils insured against, except as otherwise provided in KRS ***56.065***~~[56.070]~~ to 56.180, the agency having control or custody over the property shall within thirty (30) days certify the event to the cabinet. After receiving in any manner knowledge of the event, the cabinet shall ascertain and fix the amount of damage and file with the State Treasurer a statement thereof. If the agency having control or custody of the property disagrees with the estimate of damage, the agency and the cabinet shall each appoint one (1) member of a board of appraisers, which two (2) members shall select a third member. An award in writing, submitted by the board of appraisers to the State Treasurer, shall determine the amount of damage.

➔Section 6. KRS 56.120 is amended to read as follows:

(1) ***(a)*** When the amount of damage has been determined, the State Treasurer shall debit the account of the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund by that amount and credit with an equal amount the account of the agency that has control or custody of the property damaged, and upon warrant from the~~[Finance and Administration]~~ cabinet, the ***State*** Treasurer shall pay to the agency the amount so credited to it, for the purpose of repairing the damage or reconstructing or replacing the damaged or destroyed property.

(b) If the agency deems it impracticable or undesirable to use the money for repair, reconstruction, or replacement of the property damaged or destroyed, it may, with the approval of the~~[Finance and Administration]~~ cabinet, and subject to the provisions of KRS 56.491, expend said funds for the acquisition, repair, construction, or reconstruction of property similar to the property damaged or destroyed.

(2) On and after ***the effective date of this Act***~~[March 29, 2023]~~, until June 30, ***2030***~~[2025]~~, ***a***~~[no]~~ debit, credit, or payment made on account of the damage to any one (1) subject of risk, by any one (1) loss, shall ***not*** be in excess of ten million dollars ($10,000,000), unless the Office of the Controller in the~~[Finance and Administration]~~ cabinet has effected reinsurance upon that risk to limit the liability of the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund to ten million dollars ($10,000,000), and unless the excess over this amount has actually been paid into the fund by the reinsuring company or companies.

(3) On and after July 1, ***2030***~~[2025]~~, ***a***~~[no]~~ debit, credit, or payment made on account of the damage to any one (1) subject of risk, by any one (1) loss, shall ***not*** be in excess of one million dollars ($1,000,000), unless the Office of the Controller in the~~[Finance and Administration]~~ cabinet has effected reinsurance upon ***that***~~[the subject of]~~ risk~~[such as]~~ to limit the liability of the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund to one million dollars ($1,000,000), and unless the excess over this amount has actually been paid into the fund by the reinsuring company or companies.

➔Section 7. KRS 56.130 is amended to read as follows:

(1) If there is not in the account of the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund an amount sufficient to cover the damage, the State Treasurer shall debit the fund only with the amount actually to its credit at the time, and shall continue, subject to prior claims, to debit the fund by the amount of each ensuing credit to the fund, until the total damage is covered.

(2) No payments shall be made on account of such damage to any agency of the state in excess of the amount debited against the fund at the time of payment.

➔Section 8. KRS 56.140 is amended to read as follows:

(1) The State Treasurer, with approval of every investment by the~~[Finance and Administration]~~ cabinet, may invest the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund in:

(a) Obligations of the United States government, its agencies, and Kentucky cities of the first and home rule classes;

(b) Warrants issued on the State Treasurer;

(c) State bonds, including bridge revenue bonds issued under KRS 180.010 to 180.250;

(d) Bonds or other evidences of indebtedness of any domestic corporation that is an agent or instrumentality of the state or of any city, county, or school district of the state, secured by a mortgage on real estate in Kentucky that has been conveyed to the corporation by any city, county, school district, or state educational institution, and which the corporation has leased and given the option to lease to the city, county, school district, or state educational institution, with option in the lessee to purchase the property, or an interest therein, on the payment of the aggregate sum of the bond issue, plus the expenses incident to the issuance of the bonds and the formation and dissolution of the corporation, subject to credit of the amounts paid as rental for such property; and

(e) School bonds issued by cities under KRS 162.120 to 162.290.

(2) The~~[Finance and Administration]~~ cabinet shall not approve investments on which there has ever been a default in payment of principal or interest preceding the date of acceptance by the State Treasurer.

(3) All income from investments credited to the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund shall be credited to that fund.

➔Section 9. KRS 56.150 is amended to read as follows:

(1) The cabinet and the State Treasurer may employ such assistance and incur such expenses as are necessary to carry out the purposes of KRS 56.070 to 56.180.

(2) All such expenses may be debited against the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund, and paid on warrant of the cabinet, but the total of such expenses during any fiscal year shall not exceed ten percent (10%) of the total receipts of the fund during the same fiscal year.

(3) If such expenses are incurred at a time when there is not a sufficient amount in the fund to pay them, they shall constitute a prior claim to be paid out of the first receipts of the fund thereafter before any damages on account of insured losses are paid.

➔Section 10. KRS 56.160 is amended to read as follows:

(1) ***(a)*** On ***and***~~[or]~~ after ***the effective date of this Act***~~[March 29, 2023]~~, until June 30, ***2030***~~[2025]~~, the Office of the Controller in the~~[Finance and Administration]~~ cabinet may contract with any responsible~~[fire and tornado]~~ insurance or reinsurance company authorized to do business in Kentucky to reinsure any subject of risk of which the total valuation has been fixed at over ten million dollars ($10,000,000) in such a way as to limit the net liability of the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund with respect to that risk to ten million dollars ($10,000,000).

(b) The premium for reinsurance shall be paid out of the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund, on warrant of the cabinet.

(2) ***(a)*** On ***and***~~[or]~~ after July 1, ***2030***~~[2025]~~, the Office of the Controller in the~~[Finance and Administration]~~ cabinet may contract with any responsible~~[fire and tornado]~~ insurance or reinsurance company authorized to do business in Kentucky to reinsure any subject of risk of which the total valuation has been fixed at over one million dollars ($1,000,000) in such a way as to limit the net liability of the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund with respect to ***that***~~[such subject of]~~ risk to one million dollars ($1,000,000).

(b) The premium for reinsurance shall be paid out of the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund, on warrant of the cabinet.

➔Section 11. KRS 56.180 is amended to read as follows:

(1) On ***and***~~[or]~~ after ***the effective date of this Act***~~[March 29, 2023]~~, until June 30, ***2030***~~[2025]~~, if at the end of any fiscal year the moneys and securities to the credit of the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund exceed one hundred million dollars ($100,000,000), that excess shall be transferred to the general fund.

(2) On ***and***~~[or]~~ after July 1, ***2030***~~[2025]~~, if at the end of any fiscal year the moneys and securities to the credit of the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund exceed ten million dollars ($10,000,000), ***that***~~[any such]~~ excess shall be transferred to the general fund.

(3) The moneys and securities to the credit of the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund shall not be used for any purpose unrelated to fund operations.

➔Section 12. KRS 42.0651 is amended to read as follows:

(1) The Division of State Risk and Insurance Services shall:

(a) Oversee and assist the management of the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund established in KRS Chapter 56;

(b) Develop and manage programs of risk assessment and insurance for the protection of state property not covered by the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund;

(c) Advise the secretary of the Finance and Administration Cabinet on the fiscal management of programs relating to life insurance, workers' compensation, and health care benefits for state employees;

(d) Serve as the central clearinghouse for coordinating and evaluating existing and new risk management programs within all state agencies;

(e) Develop financing techniques for risk protection;

(f) Provide insurance for all state-owned and state-operated facilities and vehicles; and

(g) Develop and implement other risk management, insurance, and self-insurance programs or other functions and duties as the secretary of the Finance and Administration Cabinet may direct the division to undertake and implement within the general statutory authority and control of the Finance and Administration Cabinet over state property and fiscal affairs of the executive branch of state government, including, but not limited to, those areas pertaining to tort and contractual liability, fidelity, and property risks.

(2) Nothing in this section shall be construed or interpreted as affecting the operation of the employee benefit programs generally administered by the Office of Employee Relations and Department of Employee Insurance within the Personnel Cabinet. These agencies shall coordinate the operation of life insurance, workers' compensation, health care benefit programs, and other self-insured programs with the Division of State Risk and Insurance Services.

(3) All cabinets, departments, boards, commissions, and other state agencies shall provide to the Division of State Risk and Insurance Services the technical advice and other assistance the Division of State Risk and Insurance Services or the secretary of the Finance and Administration Cabinet shall request in the performance of the functions of the division as described in this section.

(4) ***(a)*** The secretary of the Finance and Administration Cabinet shall have the power and authority to promulgate administrative regulations pursuant to KRS Chapter 13A for purposes of implementing a risk management program for the executive branch of state government.

(b) Any administrative regulations promulgated by the secretary shall be administered by the Division of State Risk and Insurance Services.

➔Section 13. KRS 164A.577 is amended to read as follows:

(1) Notwithstanding KRS 56.065 to 56.180 and any other law to the contrary:

(a) Instead of insurance coverage provided through the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund, the governing board of each institution may, subject to paragraph (b) of this subsection, elect to obtain insurance under this section to cover all of the state property in the institution's possession against loss by fire and other hazards;

(b) An institution whose governing board elects to obtain insurance under this section shall:

1. Not be required to obtain approval by the Finance and Administration Cabinet or any other state agency or official to terminate the institution's insurance coverage through the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund;

2. Notify the secretary of the Finance and Administration Cabinet at least sixty (60) days before terminating the institution's insurance coverage through the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund;

3. Ensure that the insurance is in place immediately following termination of the institution's insurance coverage through the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund;

4. Comply with any bidding or advertising requirements under KRS Chapters 45A and 424; and

5. Comply with subsection (2) of this section; and

(c) 1. An institution that terminates the institution's insurance coverage through the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund under this subsection shall be permitted to resume that coverage, without any need for approval by the Finance and Administration Cabinet or any other state agency or official, by providing the following notices to the secretary of the Finance and Administration Cabinet:

a. At least six (6) months prior to the effective date of the institution's resumption of coverage through the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund, as provided under subparagraph 2. of this paragraph, a notice that the institution intends but is not obligated to resume coverage through the fund; and

b. At least three (3) months prior to the effective date of the institution's resumption of coverage through the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund, as provided under subparagraph 2. of this paragraph, a notice that the institution is resuming coverage through the fund.

2. Upon receipt of the notices required under subparagraph 1. of this paragraph, the Finance and Administration Cabinet shall insure all of the state property in the institution's possession against loss by fire and other hazards through the ***Commonwealth's property and casualty***~~[state fire and tornado]~~ insurance fund, and coverage shall become effective not later than:

a. The next date of renewal of the coverage provided through the fund; or

b. Any other date agreed upon by the institution and the cabinet.

(2) An institution that obtains insurance under this section shall ensure that an annual inspection is made of each state building and its contents in the institution's possession, for the purpose of determining the unnecessary causes of a fire hazard therein, and recommendations are received for corrective actions, by either:

(a) 1. Allowing the Finance and Administration Cabinet to have the inspection made and to make recommendations for corrective actions, consistent with the inspections and recommendations made under KRS 56.170.

2. The institution shall pay a fee to the Finance and Administration Cabinet for an inspection made under this paragraph if:

a. i. A fee is charged; and

ii. The fee is not in excess of the fee charged;

to agencies for an inspection made under KRS 56.170; and

b. The fee is reasonable; or

(b) 1. Having a qualified third party approved by the institution's insurer conduct the inspection and make recommendations for corrective actions.

2. The institution may pay a reasonable fee for an inspection made under this paragraph if the fee is not included in the premium charged by the insurer.

(3) Insurance obtained under this section:

(a) May be provided:

1. By an authorized insurer as defined in KRS 304.1-100; or

2. Through a self-insurance pool if the pool is:

a. Adequately reinsured by an authorized insurer as defined in KRS 304.1-100; and

b. Capable of insuring all of the state property in the institution's possession;

(b) Shall state the following for each insured building and its contents:

1. Estimated replacement cost; and

2. The amount of coverage provided;

(c) 1. Except as provided in subsection (4) of this section, shall insure each building and its contents for an amount equal to one hundred percent (100%) of the replacement cost determined through a certified replacement cost appraisal performed at the direction of the institution by an appraiser:

a. Licensed to perform appraisal services under KRS Chapter 324A; and

b. Experienced in appraising commercial or governmental property.

2. As used in this paragraph, "replacement cost" includes the increased cost of construction brought about by code changes that:

a. Have occurred since the original structure was built; and

b. Are required to be incorporated within a rebuilt structure;

(d) Shall contain an agreed amount provision; and

(e) Shall include:

1. Ordinance and law coverage at not less than five million dollars ($5,000,000);

2. Debris removal coverage at not less than one million dollars ($1,000,000);

3. Extra expense coverage at not less than five million dollars ($5,000,000); and

4. For any building containing a steam boiler, boiler and machinery coverage at not less than the total value of the real and personal property in the building in which the steam boiler is located.

(4) A governing board may obtain actual cash value coverage of a building and its contents if a certification signed by the governing board chair is attached to the insurance policy or contract, or self-insurance pool contract, stating that it would not be fiscally responsible to provide replacement cost coverage for the building being insured.

➔Section 14. Whereas it may be necessary to negotiate upcoming insurance rates for the Commonwealth of Kentucky, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 31, 2025.

CHAPTER 137

(HCR 22)

A CONCURRENT RESOLUTION declaring that nuclear power generation is a clean and dispatchable means of providing baseload electricity to the residents and businesses of the Commonwealth.

WHEREAS, for decades, a moratorium on the construction of nuclear power facilities in Kentucky caused the Commonwealth to fall behind the rest of the country in the development and deployment of nuclear power, including the neighboring states of Illinois, Tennessee, Ohio, and Virginia; and

WHEREAS, in 2017, the General Assembly lifted the long-standing nuclear moratorium in the Commonwealth with the passage of Senate Bill 11; and

WHEREAS, in 2023, the General Assembly passed Senate Joint Resolution 79 to convene a working group of state officials and representatives of the utility and nuclear industries to advise the General Assembly on the establishment of a permanent nuclear energy commission to provide for the education, coordination of resources, and professional expertise necessary to foster the development of the nuclear industry in the Commonwealth; and

WHEREAS, as a result of the report produced by the Nuclear Energy Development Working Group, and with the passage of Senate Bill 198 in 2024, the General Assembly established the Kentucky Nuclear Energy Development Authority to serve as the nonregulatory, trusted state government agency on nuclear energy issues and to support and facilitate the development of the nuclear energy ecosystem across the Commonwealth; and

WHEREAS, interest in developing the nuclear energy industry in Kentucky has never been greater for many reasons, including the emergence of promising new nuclear technologies like small modular reactors that may be useful in a range of applications in the Commonwealth and the need for new baseload energy generation to be sited in the Commonwealth in order to maintain the resiliency and reliability of the electric grid; and

WHEREAS, nuclear power should be an important part of the Commonwealth's all of the above energy approach; and

WHEREAS, nuclear power is an excellent option for generating large amounts of baseload electricity that is reliable, dispatchable, and produces no emissions while in operation; and

WHEREAS, the practice of reprocessing spent nuclear fuel for reuse reduces the volume of high-level wastes produced from the nuclear energy generation process and decreases demand for new fuel, both of which contribute to the cleanliness of nuclear energy as a baseload electricity source; and

WHEREAS, the nuclear industry is among the most thoroughly tested and regulated industries in the world, and nuclear power plants constructed in the United States are well designed to withstand natural disasters like floods, droughts, earthquakes, and hurricanes, as well as man-made threats;

NOW, THEREFORE,

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky, the Senate concurring therein:

➔Section 1. The General Assembly finds and declares that nuclear power generation is a clean and dispatchable means of providing baseload electricity to the residents and businesses of the Commonwealth, and that adding nuclear power to Kentucky's energy portfolio would result in a more resilient and reliable electric grid.

➔Section 2. The General Assembly further finds that adding nuclear power generation to Kentucky's energy portfolio in a timely manner is more important than ever given the speed of ongoing retirements of fossil fuel-fired generation resources in the Commonwealth, which have provided reliable and dispatchable baseload electricity for decades but are being replaced with intermittent and less reliable generation resources that are not capable of providing baseload power.

Signed by Governor March 31, 2025.

CHAPTER 138

(SB 9)

AN ACT relating to teacher benefit provisions and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 161.155 is amended to read as follows:

(1) As used in this section:

(a) "Teacher" shall mean any person for whom certification is required as a basis of employment in the common schools of the state;

(b) "Employee" shall mean any person, other than a teacher, employed in the public schools, whether on a full or part-time basis;

(c) "Immediate family" shall mean the teacher's or employee's spouse, children including stepchildren and foster children, grandchildren, daughters-in-law and sons-in law, brothers and sisters, parents and spouse's parents, and grandparents and spouse's grandparents, without reference to the location or residence of said relative, and any other blood relative who resides in the teacher's or employee's home;

(d) "Sick leave bank" shall mean an aggregation of sick leave days contributed by teachers or employees for use by teachers or employees who have exhausted all sick leave and other available paid leave days; and

(e) "Assault" shall mean an act that intentionally causes injury so significant that the victim is determined to be, by certification of a physician or surgeon duly qualified under KRS Chapter 342, incapable of performing the duties of his or her job.

(2) Each district board of education shall allow to each teacher and full-time employee in its common school system not less than ten (10) days of sick leave during each school year, without deduction of salary. Sick leave shall be granted to a teacher or employee if he or she presents a personal statement or a certificate of a physician stating that the teacher or employee was ill, that the teacher or employee was absent for the purpose of attending to a member of his or her immediate family who was ill, or for the purpose of mourning a member of his or her immediate family. The ten (10) days of sick leave granted in this subsection may be taken by a teacher or employee on any ten (10) days of the school year and shall be granted in addition to accumulated sick leave days that have been credited to the teacher or employee under the provisions of subsection (4) of this section.

(3) A school district shall coordinate among the income and benefits from workers' compensation, temporary disability retirement, and district payroll and benefits so that there is no loss of income or benefits to a teacher or employee for work time lost because of an assault while performing the teacher's or employee's assigned duties for a period of up to one (1) year after the assault. In the event a teacher or employee suffers an assault while performing his or her assigned duties that results in injuries that qualify the teacher or employee for workers' compensation benefits, the district shall provide leave to the teacher or employee for up to one (1) year after the assault with no loss of income or benefits under the following conditions:

(a) The district shall pay the salary of the teacher or employee between the time of the assault and the time the teacher's or employee's workers' compensation income benefits take effect, or the time the teacher or employee is certified to return to work by a physician or surgeon duly qualified under KRS Chapter 342, whichever is sooner;

(b) The district shall pay, for up to one (1) year from the time of the assault, the difference between the salary of the teacher or employee and any workers' compensation income benefits received by the teacher or employee resulting from the assault. Payments by the district shall include payments for intermittent work time missed as a result of the assault during the one (1) year period. If the teacher's or employee's workers' compensation income benefits cease during the one (1) year period after the assault, the district shall also cease to make payments under this paragraph;

(c) The Commonwealth, through the Kentucky Department of Education, shall make the employer's health insurance contribution during the period that the district makes payments under paragraphs (a) and (b) of this subsection;

(d) The Commonwealth, through the Kentucky Department of Education, shall make the employer's contribution to the retirement system in which the teacher or employee is a member during the period that the district makes payments under paragraphs (a) and (b) of this subsection; and

(e) Payments to a teacher or employee under paragraphs (a) and (b) of this subsection shall be coordinated with workers' compensation benefits under KRS Chapter 342, disability retirement benefits for teachers under KRS 161.661 to 161.663, and disability retirement benefits for employees under KRS 61.600 to 61.621 and 78.5522, 78.5524, 78.5526, 78.5528, and 78.5530 so that the teacher or employee receives income equivalent to his or her full contracted salary, but in no event shall the combined payments exceed one hundred percent (100%) of the teacher's or employee's full contracted salary.

(4) Days of sick leave not taken by an employee or a teacher during any school year shall accumulate without limitation and be credited to that employee or teacher. Accumulated sick leave may be taken in any school year. Any district board of education may, in its discretion, allow employees or teachers in its common school system sick leave in excess of the number of days prescribed in this section and may allow school district employees and teachers to use up to three (3) days' sick leave per school year for emergency leave pursuant to KRS 161.152(3). Any accumulated sick leave days credited to an employee or a teacher shall remain so credited in the event he or she transfers his or her place of employment from one (1) school district to another within the state or to the Kentucky Department of Education or transfers from the Department of Education to a school district.

(5) Accumulated days of sick leave shall be granted to a teacher or employee if, prior to the opening day of the school year, a statement or a certificate of a physician is presented to the district board of education, stating that the teacher or employee is unable to commence his or her duties on the opening day of the school year, but will be able to assume his or her duties within a period of time that the board determines to be reasonable.

(6) Any school teacher or employee may repurchase previously used sick leave days with the concurrence of the local school board by paying to the district an amount equal to the total of all costs associated with the used sick leave.

(7) A district board of education may adopt a plan for a sick leave bank. The plan may include limitations upon the number of days a teacher or employee may annually contribute to the bank and limitations upon the number of days a teacher or employee may annually draw from the bank. Only those teachers or employees who contribute to the bank may draw upon the bank. Days contributed will be deducted from the days available to the contributing teacher or employee. The sick leave bank shall be administered in accordance with a policy adopted by the board of education.

(8) (a) A district board of education shall establish a sick leave donation program to permit teachers or employees to voluntarily contribute sick leave to teachers or employees in the same school district who are in need of an extended absence from school. A teacher or employee who has accrued more than fifteen (15) days' sick leave may request the board of education to transfer a designated amount of sick leave to another teacher or employee who is authorized to receive the sick leave donated. A teacher or employee may not request an amount of sick leave be donated that reduces his or her sick leave balance to less than fifteen (15) days.

(b) A teacher or employee may receive donations of sick leave if:

1. a. The teacher or employee or a member of his or her immediate family suffers from a medically certified illness, injury, impairment, or physical or mental condition that has caused or is likely to cause the teacher or employee to be absent for at least ten (10) days; or

b. The teacher or employee suffers from a catastrophic loss to his or her personal or real property, due to either a natural disaster or fire, that either has caused or will likely cause the employee to be absent for at least ten (10) consecutive working days;

2. The teacher's or employee's need for the absence and use of leave are certified by a licensed physician for leave requested under subparagraph 1.a. of this subsection;

3. The teacher or employee has exhausted his or her accumulated sick leave, personal leave, and any other leave granted by the school district; and

4. The teacher or employee has complied with the school district's policies governing the use of sick leave.

(c) While a teacher or employee is on sick leave provided by this section, he or she shall be considered a school district employee, and his or her salary, wages, and other employee benefits shall not be affected.

(d) Any sick leave that remains unused, is not needed by a teacher or employee, and will not be needed in the future shall be returned to the teacher or employee donating the sick leave.

(e) The board of education shall adopt policies and procedures necessary to implement the sick leave donation program.

(9) ***(a)*** A teacher or employee may use up to thirty (30) days of sick leave following the birth or adoption of a child or children. Additional days may be used when the need is verified by a physician's statement.

(b) On or before July 1, 2030, each school district shall establish a policy to provide up to thirty (30) paid maternity leave days for a teacher or employee who gives birth to a child. The maternity leave days shall be used without deduction of salary and shall be used prior to the teacher or employee using any other leave. Any maternity leave days unused by the teacher or employee shall not transfer into sick leave or be converted to any other leave type and shall expire upon return to work. This paragraph shall not limit a school district's authority to establish additional paid maternity benefits or to provide paid parental leave benefits.

(10) (a) ~~[After July 1, 1982,]~~A district board of education may compensate, at the time of retirement or upon the death of a member in active contributing status at the time of death who was eligible to retire by reason of service, an employee or a teacher, or the estate of an employee or teacher, for each unused sick leave day. The rate of compensation for each unused sick leave day shall be based on a percentage of the daily salary rate calculated from the employee's or teacher's last annual salary, not to exceed thirty percent (30%).

(b) Except as provided in paragraph (c) of this subsection, payment for unused sick leave days under this subsection shall be incorporated into the annual salary of the final year of service for inclusion in the calculation of the employee's or teacher's retirement allowance only at the time of his or her initial retirement, provided that the member makes the regular retirement contribution for members on the sick leave payment. The accumulation of these days includes unused sick leave days held by the employee or teacher at the time of implementation of the program.

(c) For a teacher or employee who becomes a nonuniversity member of the Teachers' Retirement System on or after January 1, 2022, as provided by KRS 161.220, payment for unused sick leave days under this subsection shall not be incorporated into the annual compensation used to calculate the teacher's or employee's retirement allowance in the foundational benefit component as described by KRS 161.633 but may be deposited into the nonuniversity member's supplemental benefit component as provided by KRS 161.635.

(d) For a teacher or employee who begins employment with a local school district on or after July 1, 2008, the maximum amount of unused sick leave days a district board of education may recognize in calculating the payment of compensation to the teacher or employee under this subsection shall not exceed three hundred (300) days.

(e) 1. Actuarial costs to the Teachers' Retirement System for the inclusion of payment for unused sick leave days that are eligible for compensation under paragraph (b) of this subsection shall be funded in accordance with this paragraph.

2. The state shall pay the actuarial costs for the compensation attributable to the actual unused sick leave accrued as of June 30, 2025, plus annual adjustments to the sick leave balance each

fiscal year thereafter, based upon the sick leave accrued or used by the teacher or employee, not to exceed thirteen (13) additional days per year. Unused sick leave payable by the state shall not include any annual leave described by KRS 161.540(1)(f) or the cost of unused sick days for employees retiring from agencies listed in KRS 161.220(4)(d) and (f).

3. The last employer who is compensating the unused sick day as provided in paragraph (a) of this subsection shall pay the actuarial costs of compensation for unused sick leave days not paid by the state under subparagraph 2. of this paragraph. Upon the teacher's or employee's retirement, the Teachers' Retirement System shall bill the last employer for the cost of the unused sick days, and the employer shall pay the costs within fifteen (15) days after receiving notification of the cost from the system.

4. The actuarial costs of the unused sick days shall be the amount payable for unused sick days after the fixed statutory employee and employer contributions have been paid as provided in KRS 161.540 and 161.550(1) and that is necessary to fund the benefit.

(f) For the fiscal year ending June 30, 2025, and each fiscal year thereafter, each school district shall annually report to the Teachers' Retirement System the sick leave balances for each teacher and employee who is a member of the Teachers' Retirement System. The report shall include for each teacher or employee:

1. The sick leave days accrued at the beginning of the fiscal year;

2. The sick leave days accrued during the fiscal year;

3. Any other days of leave added to the sick leave balance during the fiscal year by rollover, conversion, or any other method;

4. The sick leave days used during the fiscal year; and

5. The sick leave balance at the end of the fiscal year.

(g) Each school district shall file with the Teachers' Retirement System information regarding their sick leave policies and provisions that are applicable to members of the system, including:

1. The number of sick leave days accrued annually under the sick leave program established pursuant to subsection (2) of this section;

2. Any other types of leave and the amount of leave by type that may, prior to retirement or at the time of retirement, be included by rollover, conversion, or any other method, in an employee's sick leave balance pursuant to any district policy or any contract entered into by the district; and

3. Any other information required by the system.

The reporting required by this paragraph shall include a description of whether the policies or contracts governing sick leave policies apply to all employees, a class of employees, or a specific employee of the district.

(11) Any statute to the contrary notwithstanding, employees and teachers who transferred from the Department of Education to a school district, from a school district to the Department of Education, or from one (1) school district to another school district after July 15, 1981, shall receive credit for any unused sick leave to which the employee or teacher was entitled on the date of transfer. This credit shall be for the purposes set forth in subsection (10) of this section.

(12) The death benefit provided in subsection (10) of this section may be cited as the Baughn Benefit.

➔Section 2. KRS 161.220 is amended to read as follows:

As used in KRS 161.220 to 161.716 and 161.990:

(1) "Retirement system" means the arrangement provided for in KRS 161.220 to 161.716 and 161.990 for payment of allowances to members;

(2) "Retirement allowance" means the amount annually payable during the course of his or her natural life to a member who has been retired by reason of service;

(3) "Disability allowance" means the amount annually payable to a member retired by reason of disability;

(4) "Member" means the commissioner of education, deputy commissioners, associate commissioners, and all division directors in the State Department of Education, employees participating in the system pursuant to KRS 196.167(3)(b)1., and any full-time teacher or professional occupying a position requiring certification or graduation from a four (4) year college or university, as a condition of employment, and who is employed by public boards, institutions, or agencies as follows:

(a) Local boards of education and public charter schools if the public charter school satisfies the criteria set by the Internal Revenue Service to participate in a governmental retirement plan;

(b) Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Western Kentucky University, and any community colleges established under the control of these universities;

(c) State-operated secondary area vocational education or area technology centers, Kentucky School for the Blind, and Kentucky School for the Deaf;

(d) Other public education agencies as created by the General Assembly and those members of the administrative staff of the Teachers' Retirement System of the State of Kentucky whom the board of trustees may designate by administrative regulation;

(e) Regional cooperative organizations formed by local boards of education or other public educational institutions listed in this subsection, for the purpose of providing educational services to the participating organizations;

(f) All full-time members of the staffs of the Kentucky Association of School Administrators, Kentucky Education Association, Kentucky Vocational Association, Kentucky High School Athletic Association, Kentucky Academic Association, and the Kentucky School Boards Association who were members of the Kentucky Teachers' Retirement System or were qualified for a position covered by the system at the time of employment by the association in the event that the board of directors of the respective association petitions to be included. The board of trustees of the Kentucky Teachers' Retirement System may designate by resolution whether part-time employees of the petitioning association are to be included. The state shall make no contributions on account of these employees, either full-time or part-time. The association shall make the employer's contributions, including any contribution that is specified under KRS 161.550. The provisions of this paragraph shall be applicable to persons in the employ of the associations on or subsequent to July 1, 1972;

(g) Employees of the Council on Postsecondary Education who were employees of the Department for Adult Education and Literacy and who were members of the Kentucky Teachers' Retirement System at the time the department was transferred to the council pursuant to Executive Order 2003-600;

(h) The Office of Career and Technical Education;

(i) The Office of Vocational Rehabilitation;

(j) The Kentucky Educational Collaborative for State Agency Children;

(k) The Governor's Scholars Program;

(l) Any person who is retired for service from the retirement system and is reemployed by an employer identified in this subsection in a position that the board of trustees deems to be a member, except that any person who becomes a member on or after January 1, 2022, and subsequently draws a monthly lifetime retirement allowance, shall upon reemployment after retirement not earn a second retirement account;

(m) Employees of the former Cabinet for Workforce Development who are transferred to the Kentucky Community and Technical College System and who occupy positions covered by the Kentucky Teachers' Retirement System shall remain in the Teachers' Retirement System. New employees occupying these positions, as well as newly created positions qualifying for Teachers' Retirement System coverage that would have previously been included in the former Cabinet for Workforce Development, shall be members of the Teachers' Retirement System;

(n) Effective January 1, 1998, employees of state community colleges who are transferred to the Kentucky Community and Technical College System shall continue to participate in federal old age, survivors, disability, and hospital insurance, and a retirement plan other than the Kentucky Teachers' Retirement System offered by Kentucky Community and Technical College System. New employees occupying positions in the Kentucky Community and Technical College System as referenced in KRS 164.5807(5)

that would not have previously been included in the former Cabinet for Workforce Development, shall participate in federal old age, survivors, disability, and hospital insurance and have a choice at the time of employment of participating in a retirement plan provided by the Kentucky Community and Technical College System, including participation in the Kentucky Teachers' Retirement System, on the same basis as faculty of the state universities as provided in KRS 161.540 and 161.620;

(o) Employees of the Office of General Counsel, the Office of Budget and Administrative Services, and the Office of Quality and Human Resources within the Office of the Secretary of the former Cabinet for Workforce Development and the commissioners of the former Department for Adult Education and Literacy and the former Department for Technical Education who were contributing to the Kentucky Teachers' Retirement System as of July 15, 2000;

(p) Employees of the Kentucky Department of Education only who are graduates of a four (4) year college or university, notwithstanding a substitution clause within a job classification, and who are serving in a professional job classification as defined by the department;

(q) The Governor's School for Entrepreneurs Program;

(r) Employees of the Office of Adult Education within the Department of Workforce Development in the Education and Labor Cabinet who were employees of the Council on Postsecondary Education, Kentucky Adult Education Program and who were members of the Kentucky Teachers' Retirement System at the time the Program was transferred to the cabinet pursuant to Executive Orders 2019-0026 and 2019-0027;~~[and]~~

(s) Employees of the Education Professional Standards Board who were members of the Kentucky Teachers' Retirement System at the time the employees were transferred to the Kentucky Department of Education pursuant to Executive Order 2020-590; ***and***

(t) WeLeadCS, the virtual computer science career academy established in KRS 158.809;

(5) "Present teacher" means any teacher who was a teacher on or before July 1, 1940, and became a member of the retirement system created by 1938 (1st Extra. Sess.) Ky. Acts ch. 1, on the date of the inauguration of the system or within one (1) year after that date, and any teacher who was a member of a local teacher retirement system in the public elementary or secondary schools of the state on or before July 1, 1940, and continued to be a member of the system until he or she, with the membership of the local retirement system, became a member of the state Teachers' Retirement System or who becomes a member under the provisions of KRS 161.470(4);

(6) "New teacher" means any member not a present teacher;

(7) "Prior service" means the number of years during which the member was a teacher in Kentucky prior to July 1, 1941, except that not more than thirty (30) years' prior service shall be allowed or credited to any teacher;

(8) "Subsequent service" means the number of years during which the teacher is a member of the Teachers' Retirement System after July 1, 1941;

(9) "Final average salary" means the average of the five (5) highest annual salaries which the member has received for service in a covered position and on which the member has made contributions, or on which the public board, institution, or agency has picked-up member contributions pursuant to KRS 161.540(2), or the average of the five (5) years of highest salaries as defined in KRS 61.680(2)(a), which shall include picked-up member contributions. Additionally, the board of trustees may approve a final average salary based upon the average of the three (3) highest salaries for individuals who become members prior to January 1, 2022, who are at least fifty-five (55) years of age and have a minimum of twenty-seven (27) years of Kentucky service credit. However, if any of the five (5) or three (3) highest annual salaries used to calculate the final average salary was paid within the three (3) years immediately prior to the date of the member's retirement for individuals who become members prior to January 1, 2022, or within the five (5) years immediately prior to the date of the member's retirement for individuals who become members on or after January 1, 2022, the amount of salary to be included for each of those three (3) years or five (5) years, as applicable, for the purpose of calculating the final average salary shall be limited to the lesser of:

(a) The member's actual salary; or

(b) The member's annual salary that was used for retirement purposes during each of the prior three (3) years or five (5) years, as applicable, plus a percentage increase equal to the percentage increase received by all other members employed by the public board, institution, or agency, or for members of

school districts, the highest percentage increase received by members on any one (1) rank and step of the salary schedule of the school district. The increase shall be computed on the salary that was used for retirement purposes. The board of trustees may promulgate an administrative regulation in accordance with KRS Chapter 13A to establish a methodology for measuring the limitation so that the combined increases in salary for each of the last three (3) full years of salary prior to retirement shall not exceed the total permissible percentage increase received by other members of the employer for the same three (3) year period.

For individuals who became members of the retirement system prior to July 1, 2021, this limitation shall not apply if the member receives an increase in salary in a percentage exceeding that received by the other members, and this increase was accompanied by a corresponding change in position or in length of employment. The board of trustees may promulgate an administrative regulation in accordance with KRS Chapter 13A to provide definitions for a corresponding change in position or in length of employment. This limitation shall also not apply to the payment to a member for accrued annual leave if the individual becomes a member before July 1, 2008, or accrued sick leave which is authorized by statute and which shall, for individuals subject to KRS 161.155(10) who became nonuniversity members of the system prior to January 1, 2022, be included as part of a retiring member's annual compensation for the member's last year of active service;

(10) "Annual compensation" means the total salary received by a member as compensation for all services performed in employment covered by the retirement system during a fiscal year. Annual compensation shall not include payment for any benefit or salary adjustments made by the public board, institution, or agency to the member or on behalf of the member which is not available as a benefit or salary adjustment to other members employed by that public board, institution, or agency. Annual compensation shall not include the salary supplement received by a member under KRS 157.197(2)(c), 158.6455, or 158.782 on or after July 1, 1996. Under no circumstances shall annual compensation include compensation that is earned by a member while on assignment to an organization or agency that is not a public board, institution, or agency listed in subsection (4) of this section. In the event that federal law requires that a member continue membership in the retirement system even though the member is on assignment to an organization or agency that is not a public board, institution, or agency listed in subsection (4) of this section, the member's annual compensation for retirement purposes shall be deemed to be the annual compensation, as limited by subsection (9) of this section, last earned by the member while still employed solely by and providing services directly to a public board, institution, or agency listed in subsection (4) of this section. The board of trustees shall determine if any benefit or salary adjustment qualifies as annual compensation. For an individual who becomes a member on or after July 1, 2008, annual compensation shall not include lump-sum payments upon termination of employment for accumulated annual or compensatory leave;

(11) "Age of member" means the age attained on the first day of the month immediately following the birthdate of the member. This definition is limited to retirement eligibility and does not apply to tenure of members;

(12) "Employ," and derivatives thereof, means relationships under which an individual provides services to an employer as an employee, as an independent contractor, as an employee of a third party, or under any other arrangement as long as the services provided to the employer are provided in a position that would otherwise be covered by the Kentucky Teachers' Retirement System and as long as the services are being provided to a public board, institution, or agency listed in subsection (4) of this section;

(13) "Regular interest" means:

(a) For an individual who becomes a member prior to July 1, 2008, interest at three percent (3%) per annum;~~[;]~~

(b) For an individual who becomes a member on or after July 1, 2008, but prior to January 1, 2022, interest at two and one-half percent (2.5%) per annum for purposes of crediting interest to the teacher savings account or any other contributions made by the employee that are refundable to the employee upon termination of employment; and

(c) For an individual who becomes a member on or after January 1, 2022, the rolling five (5) year yield on a thirty (30) year United States Treasury bond as of the end of May prior to the most recently completed fiscal year, except that:

1. Once the member has at least sixty (60) months of service in the system it shall mean interest at two and one-half percent (2.5%) per annum for purposes of crediting interest to employee contributions in the foundational benefit component or any other contributions made by the

employee to the foundational benefit component that are refundable to the employee upon termination of employment; and

2. The board shall have the authority to adjust the regular interest rate for individuals who become members on or after January 1, 2022, in accordance with KRS 161.633 and 161.634;

(14) "Accumulated contributions" means the contributions of a member to the teachers' savings fund, including picked-up member contributions as described in KRS 161.540(2), plus accrued regular interest;

(15) "Annuitant" means a person who receives a retirement allowance or a disability allowance;

(16) "Local retirement system" means any teacher retirement or annuity system created in any public school district in Kentucky in accordance with the laws of Kentucky;

(17) "Fiscal year" means the twelve (12) month period from July 1 to June 30. The retirement plan year is concurrent with this fiscal year. A contract for a member employed by a local board of education may not exceed two hundred sixty-one (261) days in the fiscal year;

(18) "Public schools" means the schools and other institutions mentioned in subsection (4) of this section;

(19) "Dependent" as used in KRS 161.520 and 161.525 means a person who was receiving, at the time of death of the member, at least one-half (1/2) of the support from the member for maintenance, including board, lodging, medical care, and related costs;

(20) "Active contributing member" means a member currently making contributions to the Teachers' Retirement System, who made contributions in the ***immediate***~~[next]~~ preceding fiscal year, for whom picked-up member contributions are currently being made, or for whom these contributions were made in the ***immediate***~~[next]~~ preceding fiscal year;

(21) "Full-time" means employment in a position that requires services on a continuing basis equal to at least seven-tenths (7/10) of normal full-time service on a fiscal year basis;

(22) "Full actuarial cost," when used to determine the payment ***or payments*** that a member must pay for service credit means the actuarial value of all costs associated with the enhancement of a member's benefits or eligibility for benefit enhancements, including health insurance supplement payments made by the retirement system. ***The board may promulgate administrative regulations in accordance with KRS Chapter 13A to provide the methodology for the assessment of and procedures for the payment and collection of the full actuarial cost of the purchased service.*** The actuary for the retirement system shall determine the full actuarial value costs and actuarial cost factor tables as provided in KRS 161.400;

(23) "Last annual compensation" means the annual compensation, as defined by subsection (10) of this section and as limited by subsection (9) of this section, earned by the member during the most recent period of contributing service, either consecutive or nonconsecutive, that is sufficient to provide the member with one (1) full year of service credit in the Kentucky Teachers' Retirement System, and which compensation is used in calculating the member's initial retirement allowance, excluding bonuses, retirement incentives, payments for accumulated sick leave, annual, personal, and compensatory leave, and any other lump-sum payment. For an individual who becomes a member on or after July 1, 2008, payments for annual or compensatory leave shall not be included in determining the member's last annual compensation;

(24) "Participant" means a member, as defined by subsection (4) of this section, or an annuitant, as defined by subsection (15) of this section;

(25) "Qualified domestic relations order" means any judgment, decree, or order, including approval of a property settlement agreement, that:

(a) Is issued by a court or administrative agency; and

(b) Relates to the provision of child support, alimony payments, or marital property rights to an alternate payee;

(26) "Alternate payee" means a spouse, former spouse, child, or other dependent of a participant, who is designated to be paid retirement benefits in a qualified domestic relations order;

(27) "University member" means an individual who becomes a member through employment with an employer specified in subsection (4)(b) and (n) of this section;

(28) "Nonuniversity member" means an individual who becomes a member through employment with an employer specified under subsection (4) of this section, except for those members employed by an employer specified in subsection (4)(b) and (n) of this section;

(29) "Accumulated employer contribution" means the employer contribution deposited to a member's account through the supplemental benefit component and regular interest credited on such amounts as provided by KRS 161.635 for nonuniversity members and KRS 161.636 for university members;

(30) "Accumulated account balance" means:

(a) For members who began participating in the system prior to January 1, 2022, the member's accumulated contributions; or

(b) For members who began participating in the system on or after January 1, 2022, the combined sum of the member's accumulated contributions and the member's accumulated employer contributions;

(31) "Foundational benefit component" means the benefits provided by KRS 161.220 to 161.716 to individuals who become members on or after January 1, 2022, except for the supplemental benefit component and retiree health benefits set forth in KRS 161.675; and

(32) "Supplemental benefit component" means:

(a) The benefit established pursuant to KRS 161.635 for individuals who become nonuniversity members on or after January 1, 2022; or

(b) The benefit established pursuant to KRS 161.636 for individuals who become university members on or after January 1, 2022.

➔Section 3. KRS 161.230 is amended to read as follows:

The Teachers' Retirement System is established as of July 1, 1940, for the purpose of providing retirement allowances for teachers, their beneficiaries, and survivors under the provisions of KRS 161.155 and 161.220 to 161.714. The Teachers' Retirement System of the State of Kentucky shall be an independent agency and instrumentality of the Commonwealth and this status shall only be amended or changed by the General Assembly. It shall have the powers and the privileges of a corporation and shall be known as the "Teachers' Retirement System of the State of Kentucky." Its business shall be transacted, its funds invested, and its cash and securities held in that name, or in the name of its nominee ***or title holding organization*** provided that its nominee ***or title holding organization*** is authorized by board of trustees' resolution solely for the purpose of facilitating the transfer of securities ***or acquiring and holding title to real property***. The board of trustees may designate a nominee as provided in KRS 286.3-225; or it may name as nominee a partnership composed of selected trustees and employees of the system, and formed for the sole purpose of holding legal or registered title of such securities, and for the transfer of securities in accordance with directions of the board of trustees.

➔Section 4. KRS 161.250 is amended to read as follows:

(1) (a) The general administration and management of the retirement system, and the responsibility for its proper operation and for making effective provisions of KRS 161.155 and 161.220 to 161.714 are vested in a board of trustees to be known as the "Board of Trustees of the Teachers' Retirement System of the State of Kentucky."

(b) The board of trustees shall consist of the following:

1. The chief state school officer;

2. The State Treasurer;

3. Two (2) trustees, appointed by the Governor of the Commonwealth, subject to Senate confirmation in accordance with KRS 11.160 for each appointment or reappointment. These two (2) trustees shall have investment experience. For purposes of this subparagraph, a trustee with "investment experience" means an individual who does not have a conflict of interest, as provided by KRS 161.460, and who has at least ten (10) years of experience in one (1) of the following areas of expertise:

a. A portfolio manager acting in a fiduciary capacity;

b. A professional securities analyst or investment consultant;

c. A current or retired employee or principal of a trust institution, investment or finance organization, or endowment fund acting in an investment-related capacity;

d. A chartered financial analyst in good standing as determined by the CFA Institute; or

e. A university professor, teaching investment-related studies; and

4. Seven (7) other trustees elected as provided in KRS 161.260. Four (4) of the elective trustees shall be members of the retirement system, to be known as teacher trustees, two (2) shall be persons who are not members of the teaching profession, to be known as the lay trustees, and one (1) shall be an annuitant of the retirement system to be known as the retired teacher trustee. One (1) teacher trustee shall be elected annually for a four-year term. The retired teacher trustee shall be elected every four (4) years. The chief state school officer and the State Treasurer are considered ex officio members of the board of trustees and may designate in writing a person to represent them at board meetings.

(c) 1. Elective trustees shall not serve more than three (3) consecutive four (4) year terms. An elective trustee who has served three (3) consecutive terms may be elected again after an absence of four (4) years from the board of trustees.

2. The term limits established by subparagraph 1. of this paragraph shall apply to elective trustees serving on or after July 1, 2012, and all terms of office served prior to July 1, 2012, shall be used to determine if the elective trustee has exceeded the term limits provided by subparagraph 1. of this paragraph.

(d) 1. Each appointed trustee shall serve a term of four (4) years. An appointed trustee shall not serve more than three (3) consecutive four (4) year terms. An appointed trustee who has served three (3) consecutive terms may be appointed again after an absence of four (4) years from the board of trustees.

2. Any vacancy that occurs in an appointed position shall be filled in the same manner that provides for the selection of the trustee; however, any vacancy shall be filled only for the duration of the unexpired term.

(2) A member, retired member, or designated beneficiary may appeal the retirement system's decisions that materially affect the amount of service retirement allowance, amount of service credit, eligibility for service retirement, or eligibility for survivorship benefits to which that member, retired member, or designated beneficiary claims to be entitled. All appeals must be in writing and filed with the retirement system within thirty (30) days of the claimant's first notice of the retirement system's decision. For purposes of this section, notice shall be complete and effective upon the date of mailing of the retirement system's decision to the claimant at the claimant's last known address. Failure by the claimant to file a written appeal with the retirement system within the thirty (30) day period shall result in the decision of the retirement system becoming permanent with the effect of a final and unappealable order. ***The deadline to file a written appeal shall not be subject to the jurisdiction of any court or appeal process, nor shall it otherwise be tolled or waived.*** Appeals may include a request for an administrative hearing which shall be conducted in accordance with the provisions of KRS Chapter 13B. The board of trustees may establish an appeals committee whose members shall be appointed by the chairperson and who shall have the authority to act upon the report and recommendation of the hearing officer by issuing a final order on behalf of the full board of trustees. A member, retired member, or designated beneficiary who has filed a timely, written appeal of a decision of the retirement system may, following the administrative hearing and issuance of the final order by the board of trustees, appeal the final order of the board of trustees to the Franklin Circuit Court in accordance with the provisions of KRS Chapter 13B.

(3) The board of trustees shall establish a formal trustee education program for all trustees of the board. The program shall include but not be limited to the following:

(a) A required orientation program for all new trustees to the board. The orientation program shall include training on:

1. Benefits and benefits administration;

2. Investment concepts, policies, and current composition and administration of retirement system investments;

3. Laws, bylaws, and administrative regulations pertaining to the retirement system and to fiduciaries; and

4. Actuarial and financial concepts pertaining to the retirement system.

If a trustee fails to complete the orientation program within one (1) year from the beginning of his or her first term on the board, the retirement system shall withhold payment of the per diem and travel expenses due to the board member under KRS 161.290 until the trustee has completed the orientation program;

(b) Annual required training for trustees on the administration, benefits, financing, and investing of the retirement system. If a trustee fails to complete the annual required training during the calendar or fiscal year, the retirement system shall withhold payment of the per diem and travel expenses due to the board member under KRS 161.290 until the board member has met the annual training requirements; and

(c) The retirement system shall incorporate by reference in an administrative regulation, pursuant to KRS 13A.2251, the trustee education program.

(4) In order to improve public transparency regarding the administration of the system, the board of trustees shall adopt a best practices model by posting the following information to the retirement system's website and shall make available to the public:

(a) Meeting notices and agendas for all meetings of the board. Notices and agendas shall be posted to the retirement system's website at least seventy-two (72) hours in advance of the board or committee meetings, except in the case of special or emergency meetings as provided by KRS 61.823;

(b) The Annual Comprehensive Financial Report with the information as follows:

1. A general overview and update on the retirement system by the executive secretary;

2. A listing of the board of trustees;

3. A listing of key staff;

4. An organizational chart;

5. Financial information, including a statement of plan net assets, a statement of changes in plan net assets, an actuarial value of assets, a schedule of investments, a statement of funded status and funding progress, and other supporting data;

6. Investment information, including a general overview, a list of the retirement system's professional consultants, a total net return on retirement system investments over a historical period, an investment summary, contracted investment management expenses, transaction commissions, and a schedule of investments;

7. The annual actuarial valuation report on the pension benefit and the medical insurance benefit; and

8. A general statistical section, including information on contributions, benefit payouts, and retirement system demographic data;

(c) All external audits;

(d) All board minutes or other materials that require adoption or ratification by the board of trustees. The items listed in this paragraph shall be posted within seventy-two (72) hours of adoption or ratification of the board;

(e) All bylaws, policies, or procedures adopted or ratified by the board of trustees;

(f) The retirement system's summary plan description;

(g) The retirement system's law book;

(h) A listing of the members of the board of trustees and membership on each committee established by the board, including any investment committees;

(i) All investment holdings in aggregate, fees, and commissions for each fund administered by the board, which shall be updated on a quarterly basis for fiscal years beginning on or after July 1, 2017. The system shall request from all managers, partnerships, and any other available sources all information regarding fees and commissions and shall, based on the requested information received:

1. Disclose the dollar value of fees or commissions paid to each individual manager or partnership;

2. Disclose the dollar value of any profit sharing, carried interest, or any other partnership incentive arrangements, partnership agreements, or any other partnership expenses received by or paid to each manager or partnership; and

3. As applicable, report each fee or commission by manager or partnership consistent with standards established by the Institutional Limited Partners Association (ILPA).

In addition to the requirements of this paragraph, the system shall also disclose the name and address of all individual underlying managers or partners in any fund of funds in which system assets are invested;

(j) An update of net of fees investment returns, asset allocations, and the performance of the funds against benchmarks adopted by the board for each fund, for each asset class administered by the board, and for each manager. The update shall be posted on a quarterly basis for fiscal years beginning on or after July 1, 2017;

(k) All contracts or offering documents for services, goods, or property purchased or utilized by the system;

(l) A searchable database of the system's expenditures and a listing of each individual employed by the system along with the employee's salary or wages. In lieu of posting the information required by this paragraph to the system's website, the system may provide the information through a website established by the executive branch to inform the public about executive branch agency expenditures and public employee salaries and wages; and

(m) All proxy vote reports as provided by KRS 161.430(8).

(5) Notwithstanding the requirements of subsection (4) of this section, the retirement system shall not be required to furnish information that is protected under KRS 161.585, exempt under KRS 61.878, or that, if disclosed, would compromise the retirement system's ability to competitively invest in real estate or other asset classes, except that no provision of this section or KRS 61.878 shall exclude disclosure and review of all contracts, including investment contracts, by the board, the Auditor of Public Accounts, and the Government Contract Review Committee established pursuant to KRS 45A.705 or the disclosure of investment fees and commissions as provided by this section. If any public record contains material which is not excepted under this section, the system shall separate the excepted material by removal, segregation, or redaction, and make the nonexcepted material available for examination.

(6) For any benefit improvements the General Assembly has authorized the board of trustees to establish under KRS 161.220 to 161.716 and that require formal adoption by the board, the board shall establish the benefits by promulgation of administrative regulations in accordance with KRS Chapter 13A.

➔Section 5. KRS 161.400 is amended to read as follows:

(1) (a) The board of trustees shall designate as actuary a competent person who shall be a fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries. He or she shall be the technical adviser of the board on matters regarding the operation of the funds of the system and shall perform such other duties as are required in connection therewith.

(b) 1. At least once in each two (2) year period, the board shall cause an actuarial investigation to be made of all of the economic experience under the retirement system, including but not limited to the inflation rate, investment return, and payroll growth assumptions, relative to the economic assumptions and funding methods previously adopted by the board.

2. At least once in each five (5) year period, the actuary shall make an actuarial investigation into all of the demographic actuarial assumptions used, including but not limited to mortality tables, withdrawal rates, and retirement rate assumptions, relative to the demographic actuarial assumptions previously adopted by the board.

3. Each actuarial investigation shall include at a minimum a summary of the changes in actuarial assumptions and funding methods recommended in the investigation and the projected impact of the recommended changes on funding levels, unfunded liabilities, and actuarially recommended contribution rates for employers over a thirty (30) year period.

(c) At least annually the actuary shall make an actuarial valuation of the retirement system. The valuation shall include:

1. A description of the actuarial assumptions used, and the assumptions shall be reasonably related to the experience of the system and represent the actuary's best estimate of anticipated experience;

2. A description of any funding methods utilized or required by state law in the development of the actuarial valuation results;

3. A description of any changes in actuarial assumptions and methods from the previous year's actuarial valuation;

4. The actuarially recommended contribution rate for employers for the upcoming budget periods;

5. A thirty (30) year projection of the funding levels, unfunded liabilities, and actuarially recommended contribution rates for employers based upon the actuarial assumptions, funding methods, and experience of the system as of the valuation date;~~[and]~~

6. A sensitivity analysis that evaluates the impact of changes in system assumptions, including but not limited to the investment return assumption, payroll growth assumption, and medical inflation rates, on employer contribution rates, funding levels, and unfunded liabilities~~[.]~~***;***

7. The full actuarial cost of the sick leave program established by subsection (10) of Section 1 of this Act and the full actuarial costs of annual leave program established by KRS 161.540(1)(f), including the total actuarially accrued liabilities of the sick leave program and the annual leave program determined and reported separately, and the total actuarial costs to annually finance each program as a percentage of payroll and in total dollars broken down by each funding source; and

8. A breakdown of each individual employer's share of the actuarially accrued liability as determined solely by the system's consulting actuary and assigned to each employer based upon the last participating employer of the member or annuitant as of the valuation date. The breakdown shall include a value for each individual employer, including but not limited to each individual school district, each university, each state agency, and every other individual employer who participates in the system.

(d) On the basis of the results of the valuations, the board of trustees shall make necessary changes in the retirement system within the provisions of law and shall establish the contributions payable by employers and the state specified in KRS 161.550, including changes prescribed by KRS 161.633, 161.634, 161.635, and 161.636, as applicable.

(e) For any change in actuarial assumptions, funding methods, retiree health insurance premiums and subsidies, or any other decisions made by the board that impact system liabilities and actuarially recommended contribution rates for employers and that are not made in conjunction with the actuarial investigations required by paragraph (b) of this subsection, an actuarial analysis shall be completed showing the projected impact of the changes on funding levels, unfunded liabilities, and actuarially recommended contribution rates for employers over a thirty (30) year period.

(2) Actuarial factors and actuarial cost factor tables in use by the retirement system for all purposes shall be determined by the actuary of the retirement system and approved by the board of trustees by resolution and implemented without the necessity of an administrative regulation.

(3) A copy of each actuarial investigation, actuarial analysis, and valuation required by subsection (1) of this section shall be forwarded electronically to the Legislative Research Commission no later than ten (10) days after receipt by the board, and the Legislative Research Commission shall distribute the information received to the committee staff and co-chairs of any committee that has jurisdiction over the Teachers' Retirement System. The actuarial valuation required by subsection (1)(c) of this section shall be submitted no later than November 15 following the close of the fiscal year.

➔Section 6. KRS 161.430 is amended to read as follows:

(1) (a) The board of trustees shall be the trustee of the funds of the retirement system and shall have full power and responsibility for the purchase, sale, exchange, transfer, or other disposition of the investments and moneys of the retirement system. The board shall, by administrative regulation, establish investment policies and procedures to carry out their responsibilities.

(b) 1. The board shall contract with experienced competent investment managers to invest and manage assets of the system. The board may also employ qualified investment staff to advise it on

investment matters and to invest and manage assets of the system not to exceed fifty percent (50%) of the system's assets. The board may contract with one (1) or more general investment consultants, as well as specialized investment consultants, to advise it on investment matters.

2. All internal investment staff and investment consultants shall adhere to the Code of Ethics and Standards of Professional Conduct, and all board trustees shall adhere to the Code of Conduct for Members of a Pension Scheme Governing Body, promulgated by the CFA Institute. Investment managers shall comply with the federal Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder and shall comply with all other applicable federal securities statutes and related rules and regulations that apply to investment managers.

3. No investment manager shall manage more than forty percent (40%) of the funds of the retirement system.

(c) The board may appoint an investment committee to act for the board in all matters of investment, subject to the approval of the board of trustees. The board of trustees, in keeping with their responsibilities as trustees and wherever consistent with their fiduciary responsibilities, shall give priority to the investment of funds in obligations calculated to improve the industrial development and enhance the economic welfare of the Commonwealth. Toward this end, the board shall develop procedures for informing the business community of the potential for in-state investments by the retirement fund, accepting and evaluating applications for the in-state investment of funds, and working with members of the business community in executing in-state investments which are consistent with the board's fiduciary responsibilities. The board shall include in the criteria it uses to evaluate in-state investments their potential for creating new employment opportunities and adding to the total job pool in Kentucky. The board may cooperate with the board of trustees of Kentucky Retirement Systems in developing its program and procedures, and shall report to the Legislative Research Commission annually on its progress in placing in-state investments. The first report shall be submitted by October 1, 1991, and subsequent reports shall be submitted by October 1 of each year thereafter. The report shall include the number of applications for in-state investment received, the nature of the investments proposed, the amount requested, the amount invested, and the percentage of applications which resulted in investments.

(2) (a) For the purposes of this subsection:

1. "Solely in the interest of the members and beneficiaries" shall be determined using only pecuniary factors and shall not include any purpose to further a nonpecuniary interest;

2. "Pecuniary factor" means a consideration having a direct and material connection to the financial risk or financial return of an investment;

3. A "material connection" is established if there is a substantial likelihood that a reasonable investor would consider it important in determining the financial risk or the financial return of an investment;

4. "Nonpecuniary interest" includes but is not limited to an environmental, social, political, or ideological interest which does not have a direct and material connection to the financial risk or financial return of an investment; and

5. "Investment manager" and "investment consultant" shall have the same definition attributed to "investment adviser" under the federal Investment Advisers Act of 1940, 15 U.S.C. sec. 80b-2.

(b) The board members, investment managers, investment consultants, or other fiduciaries, and proxy advisers shall discharge their duties with respect to the assets of the system solely in the interests of the active contributing members and annuitants and:

1. For the exclusive purpose of providing benefits to members and annuitants and defraying reasonable expenses of administering the system;

2. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims;

3. By diversifying the investments of the plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

4. In accordance with the federal, state, and common laws, administrative regulations, and other instruments governing the system and fiduciaries.

(c) Evidence that a fiduciary has considered or acted on a nonpecuniary interest shall include but is not limited to:

1. Statements, explanations, reports, or correspondence;

2. Communications with portfolio companies;

3. Statements of principles or policies, whether made individually or jointly;

4. Votes of shares or proxies; or

5. Coalitions, initiatives, agreements, or commitments to which the fiduciary is a participant, affiliate, or signatory.

(3) (a) In choosing and contracting for professional investment management and consulting services, the board shall do so prudently and in the interest of the members and annuitants. Any contract that the board makes with an investment manager shall set forth policies and guidelines of the board with reference to standard rating services and specific criteria for determining the quality of investments. Expenses directly related to investment management and consulting services shall be financed from the guarantee fund in amounts approved by the board.

(b) An investment manager or consultant appointed under this section shall acknowledge in writing his or her fiduciary responsibilities to the fund. To be eligible for appointment, an investment manager, consultant, or an affiliate, shall be:

1. Registered under the Federal Investment Advisers Act of 1940; or

2. A bank as defined by that Act; or

3. An insurance company qualified to perform investment services under the laws of more than one (1) state.

(c) Proxy advisers and proxy voting services shall comply with all applicable provisions of the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and shall comply with all other federal statutes and related rules and regulations that apply to proxy advisers and proxy voting services.

(d) No contract or agreement, whether made in writing or not, shall in any manner waive, restrict, or limit a fiduciary's liability as to any of the duties imposed by this section. Any agreement shall specify that it is made in the Commonwealth and governed by the laws of the Commonwealth***, unless the agreement is in commingled investments or real property outside the Commonwealth, in which case the agreements may be made in or governed by laws outside of the Commonwealth provided that the other requirements of this section are met***.

(4) No investment or disbursement of funds shall be made unless authorized by the board of trustees, except that the board, in order to ensure timely market transactions, shall establish investment guidelines and may permit its staff and investment managers who are employed or under contract with the board pursuant to this section to execute purchases and sales of investment instruments within those guidelines without prior board approval.

(5) In discharging his or her administrative duties under this section, a trustee shall strive to administer the retirement system in an efficient and cost-effective manner for the taxpayers of the Commonwealth of Kentucky.

(6) Notwithstanding any other provision of KRS 161.220 to 161.716, no funds of the Teachers' Retirement System, including fees and commissions paid to an investment manager, private fund, or company issuing securities, who manages systems assets, shall be used to pay fees and commissions to placement agents. For purposes of this subsection, "placement agent" means a third-party individual, who is not an employee, or firm, wholly or partially owned by the entity being hired, who solicits investments on behalf of an investment manager, private fund, or company issuing securities.

(7) All contracts for the investment or management of assets of the system shall not be subject to KRS Chapters 45, 45A, 56, and 57. Instead, the board shall conduct the following process to develop and adopt an investment procurement policy with which all prospective contracts for the investment or management of assets of the system shall comply:

(a) On or before July 1, 2017, the board shall consult with the secretary of the Finance and Administration Cabinet or his or her designee to develop an investment procurement policy, which shall be written to meet best practices in investment management procurement;

(b) Thirty (30) days prior to adoption, the board shall tender the preliminary investment procurement policy to the secretary of the Finance and Administration Cabinet or his or her designee for review and comment;

(c) Upon receipt of comments from the secretary of the Finance and Administration Cabinet or his or her designee, the board shall choose to adopt or not adopt any recommended changes;

(d) Upon adoption, the board shall tender the final investment procurement policy to the secretary of the Finance and Administration Cabinet or his or her designee;

(e) No later than thirty (30) days after receipt of the investment procurement policy, the secretary or his or her designee shall certify whether the board's investment procurement policy meets or does not meet best practices for investment management procurement; and

(f) Any amendments to the investment procurement policy shall adhere to the requirements set forth by paragraphs (b) to (e) of this subsection.

(8) (a) The board shall adopt written proxy voting guidelines which are consistent with the fiduciary duties and other requirements of this section.

(b) The board shall not adopt the recommendations of a proxy adviser or proxy voting service and shall not allow such proxy adviser or proxy voting service to vote on behalf of the system, unless the proxy adviser or proxy voting service acknowledges in writing and accepts under contract its duties under this section and commits to follow the board-adopted proxy voting guidelines when voting the system's shares in order to comply with the board's fiduciary duties and other responsibilities under this section.

(c) All shares held by or on behalf of the system, and which the system is entitled to vote under state, federal, or common laws, shall be voted according to the proxy voting guidelines adopted by the board and subject to the fiduciary duties and other requirements of this section by:

1. The board, the investment committee of the board, or an employee or employees of the system who are fiduciaries under this section and are appointed or otherwise authorized by the board; or

2. A proxy adviser or proxy voting service that acknowledges in writing and accepts under contract its duties under this section and commits to follow the board-adopted proxy voting guidelines when voting the system's shares in order to comply with the board's fiduciary duties and other responsibilities under this section.

(d) All proxy votes shall be reported at least quarterly to the board. For each vote, the report shall provide:

1. The vote caption;

2. The date of the vote;

3. The company's name;

4. The vote cast for the system;

5. The recommendation of the company's management; and

6. If applicable, the recommendation of the proxy adviser or proxy voting service.

➔Section 7. KRS 161.470 is amended to read as follows:

(1) The membership of the retirement system shall consist of all new members, all present teachers, and all persons participating under the retirement system as of June 30, 1986, except as provided in Acts 1938 (1st Ex. Sess.), Ch. 1, paragraph 29. The board of trustees of the Teachers' Retirement System shall be responsible for final determination of membership eligibility and may direct employers to take whatever action that may be necessary to correct any error relating to membership.

(2) Service credit shall be forfeited upon withdrawal. If a member again enters service it shall be as a new member, except that any teacher who withdraws by claiming his or her deposits may repay the system the amount withdrawn plus interest and reestablish his or her service credit as provided in subsection (3) of this section.

(3) Effective July 1, 1988, and thereafter, an active contributing member of the retirement system with contributing service equal to one (1) year may regain service credit by depositing in the teachers' savings fund the amount withdrawn with interest at the rate to be set by the board of trustees, and computed from the first of the month of withdrawal and including the month of redeposit.

(4) Effective July 1, 1974, any active contributing member with at least two (2) years of contributing service credit who declined membership as provided in Acts 1938 (1st Ex. Sess.), Ch. 1, paragraph 29, may secure service credit for prior service, and for any subsequent service prior to date of membership, by depositing in the teachers' savings fund contributions for each year of subsequent service prior to date of membership, with interest at the rate of eight percent (8%) compounded annually to the date of deposit.

(5) Membership in the retirement system shall be terminated:

(a) By retirement for service;

(b) By death;

(c) By withdrawal of the member's accumulated account balance;

(d) When a member, having less than five (5) years of Kentucky service is absent from service for more than three (3) consecutive years; or

(e) For persons whose membership begins on or after August 1, 2000, when a member is convicted, in any state or federal court of competent jurisdiction, of a felony related to his or her employment as provided in subparagraphs 1. and 2. of this paragraph.

1. Notwithstanding any provision of law to the contrary, a person whose membership begins on or after August 1, 2000, who is convicted, in any state or federal court of competent jurisdiction, of a felony related to his or her employment shall forfeit rights and benefits earned under the retirement system, except for the return of his or her accumulated contributions and interest credited on those contributions ***through the date of conviction***.

2. The payment of retirement benefits ordered forfeited shall be stayed pending any appeal of the conviction. If the conviction is reversed on final judgment, no retirement benefits shall be forfeited.

Except for paragraph (e) of this subsection, upon termination of member accounts under this subsection, funds in the account shall be transferred to the guarantee fund. Inactive members may apply for refunds of these funds at any time. The terminated service shall be reinstated, if not withdrawn by the member, in the event that the member returns to active contributing service.

(6) In case of withdrawal from service prior to eligibility for retirement, the board of trustees shall on request of the member return all of his or her accumulated account balance, including any payments made by the member to the state accumulation fund, but the member shall have no claim on any contributions made by the state or employer with a view to his or her retirement, except as provided by KRS 161.635 and 161.636, or to contributions made to the medical insurance fund. A member who is withdrawing from service prior to retirement eligibility shall be entitled to a refund following sixty (60) days after his or her last day of employment. If the member is eligible for an immediate service retirement allowance as provided in KRS 161.600, no withdrawal and refund shall be permitted, unless the allowance would prohibit the member from qualifying for Social Security benefits or the member elects to withdraw part or all of his or her service for the purpose of obtaining service credit in another retirement plan. Requests for refund of contributions by the member must be filed on forms prescribed by the Teachers' Retirement System and the employer shall be financially responsible for all information that is certified on the prescribed form. A member may not withdraw any part of his or her accumulated account balance in the retirement system except as provided by this subsection.

(7) Except as provided in KRS 161.520 and 161.525, in case of death prior to retirement, the board of trustees shall pay to the estate of the deceased member, unless a beneficiary was otherwise applicably designated by the deceased member, then to the beneficiary, all of his or her accumulated account balance, including any payments made by the member to the state accumulation fund, but the estate or beneficiary shall have no claim on any contributions made by the state or employer with a view to the retirement of the member, except as provided by KRS 161.635 and 161.636, or to contributions made to the medical insurance fund.

(8) Any active contributing member of the Kentucky Employees Retirement System, the County Employees Retirement System, the State Police Retirement System, or the Judicial Retirement System may use service,

under that retirement system for the purpose of meeting the service requirement of subsections (3) and (4) of this section.

➔Section 8. KRS 161.585 is amended to read as follows:

(1) Each member's or annuitant's account shall be administered in a confidential manner, and specific data regarding a member or annuitant shall not be released for publication, except that:

(a) The member or annuitant may authorize the release of his or her account information;

(b) The board of trustees may release member or annuitant account information to the employer or to other state and federal agencies as it deems necessary or in response to a lawful subpoena or order issued by a court of law; or

(c) 1. Upon request by any person, the system shall release the following information from the accounts of any member or annuitant of the Kentucky Teachers' Retirement System, if the member or annuitant is a current or former officeholder in the Kentucky General Assembly:

a. The first and last name of the member or annuitant;

b. The status of the member or annuitant, including but not limited to whether he or she is a contributing member, a member who is not contributing but has not retired, a retiree receiving a monthly retirement allowance, or a retiree who has returned to work following retirement with an agency participating in the system;

c. If the individual is an annuitant, the monthly retirement allowance that he or she was receiving at the end of the most recently completed fiscal year;

d. If the individual is a member who has not yet retired, the estimated monthly retirement allowance that he or she is eligible to receive on the first date he or she would be eligible for an unreduced retirement allowance, using his or her service credit, accumulated account balance, and final average salary at the end of the most recently completed fiscal year; and

e. The current or last participating employer of the member or annuitant, if applicable.

2. No information shall be disclosed under this paragraph from an account that is paying benefits to a beneficiary due to the death of a member or annuitant.

(2) The release of information under subsection (1)(c) of this section shall not constitute a violation of the Open Records Act, KRS 61.870 to 61.884.

(3) Medical records which are included in a member's or annuitant's file maintained by the Teachers' Retirement System are confidential and shall not be released unless authorized by the member or annuitant in writing or as otherwise provided by law or in response to a lawful subpoena or order issued by a court of law. ***A member appealing the denial of a disability retirement application and his or her legal counsel shall be entitled to all written recommendations and reports submitted by the medical review committee to the Teachers' Retirement System under subsection (14) of Section 15 of this Act. Such recommendations and reports shall otherwise be maintained in a confidential manner and shall not be subject to release under any conditions, including in response to a subpoena or order issued by a court of law notwithstanding any other statute to the contrary.***

(4) (a) When a subpoena is served upon any employee of the Kentucky Teachers' Retirement System requiring the production of any data, information, or records, it is sufficient if the employee of the Kentucky Teachers' Retirement System charged with the responsibility of being custodian of the original, or his or her designated staff, delivers~~[within five (5) working days by certified mail or by personal delivery to the person specified in the subpoena]~~ either of the following:

1. Legible and durable copies of records certified by the employee or designated staff; or

2. An affidavit stating the information required by the subpoena.

(b) The production of records or an affidavit shall be in lieu of any personal testimony of any employee of the Kentucky Teachers' Retirement System unless, after the production of records or an affidavit, a separate subpoena is served upon the retirement system specifically directing the testimony of an employee of the retirement system. When a subpoena is served on any employee of the retirement system requiring the employee to give testimony or produce records for any purpose, in the absence of a

court order requiring the testimony of or production of records by a specific employee, the system may designate an employee to give testimony or produce records upon the matter referred to in the subpoena. The board of trustees may promulgate an administrative regulation for the recovery of reasonable travel and administrative expenses for those occasions when an employee of the retirement system is required to travel from his or her home or office to provide testimony or records. Recoverable expenses may include the ***travel expenses,*** wages, salary, and overtime paid to the employee by the retirement system for the period of time that the employee is away from the office. The cost of these expenses shall be borne by the party issuing the subpoena compelling the employee's travel. The board of trustees may also promulgate an administrative regulation establishing a reasonable fee for the copying, compiling, and mailing of requested records.

(c) The certification required by this subsection shall be signed before a notary public by the employee and shall include the full name of the member or annuitant, ***the last four digits of the Social Security number of*** the member or annuitant~~[identification number assigned to the member or annuitant by the retirement system]~~, and a legend substantially to the following effect: "The records are true and complete reproductions of the original, microfiched, or electronically stored records which are housed in the retirement system's office. This certification is given in lieu of the undersigned's personal appearance."~~[~~

~~(d) When an affidavit or copies of records are personally delivered, a receipt shall be presented to the person receiving the records for his or her signature and shall be immediately signed and returned to the person delivering the records. When an affidavit or copies of records are sent via certified mail, the receipt used by the postal authorities shall be sufficient to prove receipt of the affidavit or copies of records.]~~

(d)~~[(e)]~~ When the affidavit or copies of records are delivered to a ***requesting*** party for use in deposition they shall, after termination of the deposition, be delivered ***by the requesting party*** personally or by certified mail to the clerk of the court or other body before which the action or proceeding is pending.

(e)~~[(f)]~~ Upon completion of delivery by the retirement system of copies of records by their deposit in the mail or by their personal delivery to the requesting party, the retirement system shall cease to have any responsibility or liability for the records and their continued maintenance in a confidential manner.

(f)~~[(g)]~~ Records of the Kentucky Teachers' Retirement System that are susceptible to reproduction may be proved as to foundation, identity, and authenticity without preliminary testimony, by use of legible and durable copies, certified in accordance with the provisions of this subsection.

(g)~~[(h)]~~ The provisions of this subsection shall not be construed to prohibit the Kentucky Teachers' Retirement System from asserting any exemption, exception, or relief provided under the Kentucky Rules of Civil Procedure or other applicable law.

(5) For purposes of this section, "records" includes retirement estimates, affidavits, and other documents prepared by ***or in the possession of*** the Kentucky Teachers' Retirement System in response to information requested in a lawful subpoena or order issued by a court of law.

➔Section 9. KRS 161.600 is amended to read as follows:

(1) An individual who becomes a member of the retirement system prior to January 1, 2022, may qualify for service retirement by meeting one (1) of the following requirements:

(a) Attainment of age sixty (60) years and completion of five (5) years of Kentucky service;

(b) 1. For an individual who becomes a member before July 1, 2008, attainment of age fifty-five (55) years and completion of a minimum of five (5) years of Kentucky service with an actuarial reduction of the basic allowance of five percent (5%) for each year the member's age is less than sixty (60) years or for each year the member's years of Kentucky service credit is less than twenty-seven (27), whichever is the lesser number; and

2. For an individual who becomes a member on or after July 1, 2008, attainment of age fifty-five (55) years and completion of a minimum of ten (10) years of Kentucky service with an actuarial reduction of the basic retirement allowance of six percent (6%) for each year the member's age is less than sixty (60) years or for each year the member's years of Kentucky service credit is less than twenty-seven (27), whichever is the lesser number;

(c) Completion of twenty-seven (27) years of Kentucky service. Out-of-state service earned in accordance with the provisions of KRS 161.515(2) may be used to meet this requirement; or

(d) Completion of the necessary years of service under provisions of KRS 61.559(2)(c) if the member is retiring under the reciprocity provisions of KRS 61.680. A member retiring under this paragraph who has not attained age fifty-five (55) shall incur an actuarial reduction of the basic allowance determined by the system's actuary for each year the member's service credit is less than twenty-seven (27).

(2) An individual who becomes a member of the retirement system on or after January 1, 2022, shall, except as adjusted by the board pursuant to KRS 161.633 or 161.634, as applicable, be eligible to retire upon attainment of:

(a) Age sixty-five (65) and completion of a minimum of five (5) years of Kentucky service;

(b) Age sixty (60) and completion of a minimum of ten (10) years of Kentucky service;

(c) Age fifty-seven (57) and completion of a minimum of thirty (30) years of Kentucky service; or

(d) Age fifty-seven (57) and completion of a minimum of ten (10) years of Kentucky service with an actuarial reduction of the basic retirement allowance of six percent (6%) for each year the member's age is less than sixty (60) years or for each year the member's years of Kentucky service credit is less than thirty (30), whichever is the lesser number.

(3) Any person who has been a member in Kentucky for twenty-seven (27) years or more and who withdraws from covered employment may continue to pay into the fund each year until the end of the fiscal year in which he or she reaches the age of sixty-five (65) years, the current contribution rate based on the annual compensation received during the member's last full year in covered employment, less any payment received for accrued sick leave or accrued leave from an employer. The member shall be entitled to receive a retirement allowance as provided in KRS 161.620 at any time after withdrawing from covered employment and payment of contributions under this subsection. No member shall make contributions as provided for in this subsection if the member is at the same time making contributions to another retirement system in Kentucky supported wholly or in part by public funds.

(4) Service credit in the Kentucky Employees Retirement System, the State Police Retirement System, the Legislators' Retirement Plan, the County Employees Retirement System, or the Judicial Retirement System may be used in meeting the service requirements of subsections (1)(a) to (c) and (2) of this section, provided the service is subsequent to July 1, 1956.

(5) Upon death, disability, or service retirement, a member's accounts under all state supported retirement systems shall be consolidated, as provided by this section and by KRS 61.680, for the purpose of determining eligibility and amount of benefits, which shall include medical benefits. Upon determination of benefits, each system shall pay the applicable percentage of total benefits. The effective date of retirement under this subsection shall be determined by each retirement system for the portion of the payments that will be made.

(6) No retirement annuity shall be effective until written application and option election forms are filed with the retirement office in accordance with administrative regulations of the board of trustees. A member may withdraw his or her retirement application, postpone his or her effective retirement date, or change his or her retirement option if these elections are made no later than the fifteenth day of the month in which the member has made application for retirement. ***The deadline for making these changes shall not be subject to the jurisdiction of any court or appeal process, nor shall it otherwise be tolled or waived.***

(7) The surviving spouse of an active contributing member, if named as beneficiary of the member's account, may purchase retirement credit that the member was eligible to purchase prior to the member's death.

➔Section 10. KRS 161.624 is amended to read as follows:

The employees of the Teachers' Retirement System shall endeavor to provide full and complete information to all inquiries presented by members or beneficiaries of members. The members or beneficiaries of the members shall assume full responsibility for obtaining adequate and sufficient information concerning their eligibility for retirement benefits, for selection of the type of benefit available to them, ***filing and other deadlines,*** and for adherence to the employment restrictions applicable to retired members.

➔Section 11. KRS 161.630 is amended to read as follows:

(1) (a) A member, upon retirement, shall receive a retirement allowance in the form of a life annuity, with refundable balance, as provided in KRS 161.620, unless an election is made before the effective date of retirement to receive actuarially equivalent benefits under options which the board of trustees approves.

(b) An individual who is participating in the supplemental benefit component as provided by KRS 161.635 or 161.636 may, before the effective date of retirement, elect to receive his or her accumulated account balance accrued in the supplemental benefit component annuitized into a monthly payment under one (1) of the actuarial equivalent payment options approved by the board of trustees.

(c) No option shall provide for a benefit with an actuarial value at the age of retirement greater than that provided in KRS 161.620, 161.635(5)(a), or 161.636(5)(a), as applicable. This section does not apply to disability allowances as provided in KRS 161.661(1).

(2) The retirement option chosen by a retiree at the time of service retirement shall remain in force unless the retiree elects to make a change under the following conditions:

(a) A divorce, annulment, or marriage dissolution following retirement shall, at the election of the retiree, cancel any optional plan selected at retirement that provides indefinitely continuing benefits to a spousal beneficiary and return the retiree to a single lifetime benefit equivalent as determined by the board; or

(b) Following marriage or remarriage, or the death of the designated beneficiary, a retiree may elect a new optional plan of payment based on the actuarial equivalent of a single lifetime benefit at the time of the election, as determined by the board. The plan shall become effective the first of the month following receipt of an application on a form approved by the board.

(3) Except as otherwise provided in this section, a beneficiary designation shall not be changed after the effective date of retirement except for retirees who elect the life annuity with refundable balance or the predetermined years certain and life thereafter option. A member may remove a beneficiary at any time, but shall not designate a substitute beneficiary. If a member elects to remove a beneficiary, the member's retirement allowance shall not change regardless of the retirement option selected by the member, even if the removed beneficiary predeceases the member. ***A member who is subject to the beneficiary designation restriction of this subsection shall only be allowed to name a new beneficiary when experiencing a qualifying event under subsection (2) of this section, and shall make this change within the deadline established in subsection (4) of this section.***

(4) A member who experiences a qualifying event under subsection (2) of this section and who elects a new optional plan of payment shall make that election within sixty (60) days of the qualifying event. ***The deadline for electing a new optional plan of payment or for changing a beneficiary shall not be subject to the jurisdiction of any court or appeal process, nor shall it otherwise be tolled or waived.***

➔Section 12. KRS 161.635 is amended to read as follows:

(1) An individual who becomes a nonuniversity member of the Teachers' Retirement System on or after January 1, 2022, shall receive the retirement benefits provided by this section in addition to the retirement benefits provided under KRS 161.620. The retirement benefits provided by this section shall be known as the supplemental benefit component.

(2) The supplemental benefit component shall provide a benefit based upon a member's accumulated account balance which shall include:

(a) Mandatory contributions made by the member as provided by KRS 161.540(1)(c)2.;

(b) Voluntary contributions made by the member, which may include lump-sum payments;

(c) Mandatory contributions made by the employer as provided by KRS 161.550(1)(d)2.;

(d) Voluntary employer contributions ***at the option of the employer, which may include but not be limited to a voluntary employer contribution to attract and retain new teachers of one thousand dollars ($1,000) for each of the first five (5) years of contributing service to the system***; and

(e) Regular interest, which shall be credited to the member's account annually on June 30 of each fiscal year, by multiplying the member's accumulated account balance in the supplemental benefit component on June 30 of the preceding fiscal year by the regular interest rate.

(3) (a) Member contributions and employer contributions as provided by subsection (2)(a) to (d) of this section shall be credited to the member's account at least monthly as contributions are reported and posted to the system in accordance with KRS 161.560.

(b) No employer contributions or interest shall be provided to a member who has taken a refund of his or her accumulated account balance as provided by KRS 161.470 or who has retired and annuitized his or her accumulated account balance as authorized by this section.

(4) (a) Upon termination of employment, a member who has less than five (5) years of service credited under KRS 161.500, who elects to take a refund of his or her accumulated account balance as provided by KRS 161.470, shall forfeit the accumulated employer contribution, and shall only receive a refund of his or her accumulated contributions.

(b) Upon termination of employment, a member who has five (5) or more years of service credited under KRS 161.500, who elects to take a refund of his or her accumulated account balance as provided by KRS 161.470, shall receive a full refund of his or her accumulated account balance.

(5) A nonuniversity member eligible to retire under KRS 161.600(2) may upon retirement, in addition to the other benefits provided by KRS 161.620, elect to:

(a) Have ***all or a portion of*** his or her accumulated account balance in the supplemental benefit component annuitized into a lifetime monthly retirement allowance by the system in accordance with the actuarial assumptions and actuarial methods adopted by the board for the supplemental benefit component and in effect on the member's retirement date;

(b) Receive the actuarial equivalent of his or her retirement allowance calculated under paragraph (a) of this subsection payable under one (1) of the options established by the board pursuant to KRS 161.630;

(c) Take a distribution of the accumulated account balance in the supplemental benefit component over a period certain as authorized by the board; or

(d) Take a full or partial refund of his or her accumulated account balance as provided by KRS 161.470.

A member participating in the supplemental benefit component shall not be required to take a distribution or annuitize his or her accumulated account balance in the supplemental benefit component when he or she begins drawing a retirement allowance from the foundational benefit component and may instead choose to begin drawing a distribution or annuitize his or her accumulated account balance in the supplemental benefit component at any date following his or her retirement date from the foundational benefit component.

(6) This section only applies to individuals who become nonuniversity members of the Teachers' Retirement System on or after January 1, 2022.

(7) The board of trustees shall have the authority to utilize or establish any plan or plans authorized under the Internal Revenue Code to provide the benefits set forth in this section.

➔Section 13. KRS 161.636 is amended to read as follows:

(1) An individual who becomes a university member of the Teachers' Retirement System on or after January 1, 2022, shall receive the retirement benefits provided by this section in addition to the retirement benefits provided under KRS 161.620. The retirement benefits provided by this section shall be known as the supplemental benefit component.

(2) The supplemental benefit component shall provide a benefit based upon a member's accumulated account balance which shall include:

(a) Mandatory contributions made by the member as provided by KRS 161.540(1)(d)2.;

(b) Voluntary contributions made by the member, which may include lump-sum payments;

(c) Mandatory contributions made by the employer as provided by KRS 161.550(1)(e)2.;

(d) Voluntary employer contributions; and

(e) Regular interest, which shall be credited to the member's account annually on June 30 of each fiscal year, by multiplying the member's accumulated account balance in the supplemental benefit component on June 30 of the preceding fiscal year by the regular interest rate.

(3) (a) Member contributions and employer contributions as provided by subsection (2)(a) to (d) of this section shall be credited to the member's account at least monthly as contributions are reported and posted to the system in accordance with KRS 161.560.

(b) No employer contributions or interest shall be provided to a member who has taken a refund of his or her accumulated account balance as provided by KRS 161.470 or who has retired and annuitized his or her accumulated account balance as authorized by this section.

(4) (a) Upon termination of employment, a member who has less than five (5) years of service credited under KRS 161.500, who elects to take a refund of his or her accumulated account balance as provided by KRS 161.470, shall forfeit the accumulated employer contribution, and shall only receive a refund of his or her accumulated contributions.

(b) Upon termination of employment, a member who has five (5) or more years of service credited under KRS 161.500, who elects to take a refund of his or her accumulated account balance as provided by KRS 161.470, shall receive a full refund of his or her accumulated account balance.

(5) A university member eligible to retire under KRS 161.600(2) may upon retirement, in addition to the other benefits provided by KRS 161.620, elect to:

(a) Have ***all or a portion of*** his or her accumulated account balance in the supplemental benefit component annuitized into a lifetime monthly retirement allowance by the system in accordance with the actuarial assumptions and actuarial methods adopted by the board for the supplemental benefit component and in effect on the member's retirement date;

(b) Receive the actuarial equivalent of his or her retirement allowance calculated under paragraph (a) of this subsection payable under one (1) of the options established by the board pursuant to KRS 161.630;

(c) Take a distribution of the accumulated account balance in the supplemental benefit component over a period certain as authorized by the board; or

(d) Take a full or partial refund of his or her accumulated account balance as provided by KRS 161.470.

A member participating in the supplemental benefit component shall not be required to take a distribution or annuitize his or her accumulated account balance in the supplemental benefit component when he or she begins drawing a retirement allowance from the foundational benefit component and may instead choose to begin drawing a distribution or annuitize his or her accumulated account balance in the supplemental benefit component at any date following his or her retirement date from the foundational benefit component.

(6) This section only applies to individuals who become university members of the Teachers' Retirement System on or after January 1, 2022.

(7) The board of trustees shall have the authority to utilize or establish any plan or plans authorized under the Internal Revenue Code to provide the benefits set forth in this section.

➔Section 14. KRS 161.643 is amended to read as follows:

(1) Each school district, institution, and agency employing annuitants of the retirement system shall have on file at the retirement system's office an annual summary report of the days employed and the compensation paid to each annuitant***, the sick leave reporting requirements established by subsection (10)(f) of Section 1 of this Act,*** and other data as required by administrative regulation of the board of trustees no later than August 1, following the completion of each fiscal year.

(2) The retirement system may impose a penalty on the employer not to exceed one thousand dollars ($1,000) when the employer does not meet the August 1 filing date or fails to provide the information required for employment of annuitants of the retirement system. However, the retirement system may waive the penalty for good cause.

(3) The retirement system may promulgate administrative regulations in accordance with KRS Chapter 13A to require employers to report more frequently than on an annual basis.

➔Section 15. KRS 161.661 is amended to read as follows:

(1) (a) Any member who is accredited by the Teachers' Retirement System for five (5) or more years of service in Kentucky after July 1, 1941, may retire for disability and be granted a disability allowance if found to be eligible as provided in this section. Application for disability benefits shall be made within one (1) year of the last contributing service in Kentucky, and the disability must have occurred during the most

recent period of employment in a position covered by the Teachers' Retirement System and subsequent to the accreditation by the Teachers' Retirement System of five (5) years of retirement system service credit in Kentucky. ***The deadline for filing an application for disability benefits shall not be subject to the jurisdiction of any court or appeal process, nor shall it otherwise be tolled or waived.*** A disability occurring during the regular vacation immediately following the last period of active service in Kentucky or during an official leave for which the member is entitled to make regular contributions to the retirement system, shall be considered as having occurred during a period of active service.

(b) The annual disability allowance shall be equal to sixty percent (60%) of the member's final average salary.

(c) The following individuals shall not be eligible for disability benefits under this section:

1. Members with twenty-seven (27) or more years of service credit; and

2. Individuals who become members on or after July 1, 2021, who are eligible for an unreduced benefit under KRS 161.600(1)(b)2. or (d).

(2) The provisions of KRS 161.520, 161.525, and subsections (3), (4), and (5) of this section shall not apply to disability retirees whose benefits were calculated on the service retirement formula nor to survivors of these members.

(3) Members shall earn one (1) year of entitlement to disability retirement, at sixty percent (60%) of the member's final average salary, for each four (4) years of service in a covered position, but any member meeting the service requirement for disability retirement shall be credited with no less than five (5) years of eligibility.

(4) A member retired by reason of disability shall continue to earn service credit at the rate of one (1) year for each year retired for disability. This service shall be credited to the member's account at the expiration of entitlement as defined in subsection (3) of this section, or when the member's eligibility for disability benefits is terminated upon recommendation of a medical review committee, and this service shall be used in calculating benefits as provided in subsection (5) of this section, but under no circumstances shall this service be used to provide the member with more than twenty-seven (27) years of total service credit. The service credit shall be valued at the same level as service earned by active members as provided under KRS 161.600 or 161.620.

(5) Any member retired by reason of disability and remaining disabled at the expiration of the entitlement period shall have his or her disability benefits recalculated using the service retirement formula with service credit earned as set out in subsection (4) of this section. The retirement allowance shall be calculated as set forth in KRS 161.620, except that those persons less than sixty (60) years of age shall be considered as sixty (60) years of age. Members having their disability benefits recalculated under this subsection shall not be entitled to a benefit based upon an average of their three (3) highest salaries as set forth in KRS 161.220(9), unless approved otherwise by the board of trustees.

(6) Members who have their disability retirement allowance recalculated at the expiration of the entitlement period shall continue to have coverage under the post-retirement medical insurance program. Restrictions on employment shall remain in effect until the member attains age seventy (70) or until the member's eligibility is discontinued. KRS 161.520 and 161.525 shall not apply to survivors of disability retirees whose retirement allowances have been recalculated at the expiration of the entitlement period. Members who have their disability retirement allowance recalculated at the expiration of their entitlement period shall be entitled to a minimum monthly allowance of five hundred dollars ($500) as the basic straight life annuity. The minimum allowance shall be effective July 1, 1992, and shall apply to those members who have had their allowance recalculated prior to that date and to disability retirees who will have their benefit allowance recalculated on or after that date. For individuals who become members on or after July 1, 2021, disability retirement payments and any other recurring payments payable by any other state-administered retirement system shall be applied to reduce, on a dollar-for-dollar basis, the minimum monthly disability retirement allowance payable under this subsection.

(7) Effective July 1, 1992, members retired for disability prior to July 1, 1964, shall be entitled to a minimum monthly allowance of five hundred dollars ($500) as their basic straight life annuity and their surviving spouse shall be eligible for survivor benefits as provided in KRS 161.520(1)(a) and (b).

(8) Any member retired by reason of disability may voluntarily waive disability benefits and ~~[return to teaching or]~~any member, who is ***immediately eligible for service retirement***~~[age sixty (60) years or older]~~, may elect to

waive disability benefits and retire for service on the basis of service credited to the member on the effective date of the disability retirement.

(9) In order to qualify for retirement by reason of disability a member must suffer from a physical or mental condition presumed to be permanent in duration and of a nature as to render the member incapable of being gainfully employed in a covered position. The incapability must be revealed by a competent examination by a licensed physician or physicians and must be approved by a majority of a medical review committee.

(10) A member retired by reason of disability shall be required to undergo periodic examinations at the discretion of the board of trustees to determine whether the disability allowance shall be continued. When examination and recommendation of a medical review committee indicate the disability no longer exists, the allowance shall be discontinued. ***Failure to undergo examinations and provide the Teachers' Retirement System with requested medical documentation shall result in a suspension of disability benefits.***

(11) Eligibility for payment shall begin on the first day of the month following receipt of the application in the Teachers' Retirement System office, or the first of the month next following the last payment of salary or sick leave benefits by the employer, whichever is the later date.

(12) No person who receives a disability allowance may be employed in a position that entails duties or qualification requirements similar to positions subject to participation in the retirement system either within or without the State of Kentucky. So doing shall constitute a misdemeanor and shall result in loss of the allowance from the first date of this service. For purposes of this subsection and subsection (13) of this section, "employment" and "occupation," and derivatives thereof, mean any activity engaged in by the member receiving disability allowance from which income is earned. A member who applies for and is approved for disability retirement on or after July 1, 2002, and whose annual disability benefit is less than forty thousand dollars ($40,000) may earn income in any occupation other than covered employment only to the extent that the annual income from the other employment when added to the annual disability benefit does not exceed forty thousand dollars ($40,000). For any member who exceeds this limit as a result of income from other employment, the Kentucky Teachers' Retirement System shall reduce the member's disability benefit on a dollar-for-dollar basis for each dollar that the member's combined annual disability benefit and annual income from other employment exceeds forty thousand dollars ($40,000). The board of trustees may annually increase the forty thousand dollar ($40,000) limit by the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year as published by the Federal Bureau of Labor Statistics, not to exceed five percent (5%). The retirement system may require income ***and employment*** verification from the member, including but not limited to copies of tax returns and federal forms W-2 and W-4P. ***Failure to provide the Teachers' Retirement System with requested income and employment verification documentation shall result in a suspension of disability benefits. Submission of false or fraudulent documentation shall, in addition to criminal penalties, result in disqualification of all disability benefits from the date the fraudulent documentation was submitted.***

(13) All members who applied for disability retirement before July 1, 2002, and were approved as a result of that application shall be subject to the income limitations as they existed on June 30, 2002, until July 1, 2006. Effective July 1, 2006, the twenty-seven thousand dollar ($27,000) limitation shall be increased to forty thousand dollars ($40,000) and may be adjusted by the board of trustees by the consumer price index in the manner described in subsection (12) of this section. The recipient of a disability allowance who engages in any gainful occupation other than covered employment must make a report of the duties involved, compensation received, and any other pertinent information required by the board of trustees. The retirement system may require income ***and employment*** verification from the member, including but not limited to copies of tax returns and federal forms W-2 and W-4P. ***Failure to provide the Teachers' Retirement System with requested income and employment verification documentation shall result in a suspension of disability benefits. Submission of false or fraudulent documentation shall, in addition to criminal penalties, result in disqualification of all disability benefits from the date the fraudulent documentation was submitted.***

(14) The board of trustees shall designate medical review committees, each consisting of three (3) licensed physicians. A medical review committee shall pass upon all applications for disability retirement and upon all applicant statements, medical certifications, and examinations submitted in connection with disability applications. The disposition of each case shall be recommended by a medical review committee in writing to the retirement system. Members of a medical review committee shall follow administrative regulations regarding procedures as the board of trustees may enact and shall be paid reasonable fees and expenses as authorized by the board of trustees in compliance with the provisions of KRS 161.330 and 161.340. The retirement system may secure additional medical examinations and information as it deems necessary. A member may appeal any final agency decision denying his or her disability retirement application pursuant to

the provisions of KRS 161.250(2). ***In the event of such an appeal, the member and his or her legal counsel shall be entitled to all written recommendations and reports submitted by the medical review committee to the Teachers' Retirement System. Such recommendations and reports shall otherwise be maintained in a confidential manner and shall not be subject to release under any conditions, including in response to a subpoena or order issued by a court of law notwithstanding any other statute to the contrary.***

(15) A disability may be presumed to be permanent if the condition creating the disability may be reasonably expected to continue for one (1) year or more from the date of application for disability benefits.

(16) Any member who has voluntarily waived disability benefits or whose disability benefits have been discontinued on recommendation of a medical review committee, may apply for reinstatement of disability benefits. The application for reinstatement must be made to the retirement system within twelve (12) months of the date disability benefits terminated. If the termination of benefits were voluntary, the reinstatement may be made without medical examination if application is made within three (3) months of the termination date. Other applications for reinstatement will be processed in the same manner as new applications for benefits.

(17) No person who is receiving disability benefits under this section may be employed in a position which qualifies the person for membership in a retirement system financed wholly or in part with public funds. Employment in a position prohibited by this subsection shall result in disqualification for those disability benefits from the date of employment in the prohibited position.

(18) Any person who is receiving benefits and becomes disqualified from receiving those benefits under this section, or becomes disqualified from receiving a portion of those benefits due to income from other than covered employment, shall immediately notify the Teachers' Retirement System of this disqualification in writing and shall return all benefits paid after the date of disqualification. Failure to comply with these provisions shall create an indebtedness of that person to the Teachers' Retirement System. Interest at the rate of eight percent (8%) per annum***, beginning on the date the written notice of disqualification is sent,*** shall be charged if the debt is not repaid within sixty (60) days after the date of ***written notice of*** disqualification. Failure to repay this debt creates a lien in favor of the Teachers' Retirement System upon all property of the person who improperly receives benefits and does not repay those benefits. The Teachers' Retirement System may, in order to collect an outstanding debt, reduce or terminate any benefit that a member is otherwise entitled to receive.

(19) Notwithstanding any other provision of this section to the contrary, individuals who become members on or after January 1, 2022, shall be eligible for an actuarially determined disability benefit as prescribed by the board of trustees via administrative regulations promulgated by the board. The board of trustees shall arrange by appropriate contract or on a self-insured basis a disability plan to provide the disability benefits and may adjust the benefits in accordance with KRS 161.633(3) or 161.634(3).

➔Section 16. KRS 161.680 is amended to read as follows:

(1) If any change or error in a record results in any individual receiving from the retirement system more or less than the individual was entitled to receive ***as determined by the board of trustees or staff of the Teachers' Retirement System***, the board of trustees ***or staff*** shall, when the error is discovered, correct the error, and as far as practicable adjust the payments so that the actuarial equivalent of the benefit to which the individual was entitled shall be paid.

(2) The Teachers' Retirement System shall take all practicable and cost-effective steps to collect overpayments from a member's or retiree's account. Methods of correction of overpayments from any member's or retiree's account shall include but are not limited to reclamation of the overpayment from the member's or retiree's account at the depository bank, the deduction of moneys from account refunds, deduction from the retirement allowance or joint and survivor annuity payable from the account, and deduction of moneys from the life insurance benefit. Collection of overpayments shall be initiated regardless of the designated beneficiary for any amounts payable from the account.

➔Section 17. KRS 56.8605 is amended to read as follows:

As used in KRS 56.860 to 56.869:

(1) "Authorized project" means:

(a) Any project approved by the General Assembly and included in an enacted budget; or

(b) Any project approved by the General Assembly that is certified by the secretary of the Finance and Administration Cabinet in accordance with the provisions of KRS 56.870, to be of a type that will

independently produce revenues or will be payable from receipts of federal transportation funds that are projected by the commission to be sufficient to fully meet debt service, issuance costs, reserve fund requirements, insurance premiums, or any other expenditures necessary for financing so that no appropriation of state funds is required;

(2) "Cabinet" means the Finance and Administration Cabinet;

(3) "Commercial paper" means obligations that by their terms mature not more than three hundred sixty-six (366) days from the date of their issuance and that may be refunded;

(4) "Commission" means the Kentucky Asset/Liability Commission;

(5) "Estimated revenues" means the official revenue estimates established pursuant to KRS 48.120 on or before the dates on which tax and revenue anticipation notes are awarded to the purchaser;

(6) "Financial agreements" means interest rate swaps, options, or other agreements between two (2) parties to exchange or have the conditional right to exchange interest rate exposure from fixed rate to variable rate or from variable rate to fixed rate, or to provide other economic benefit to an issuance of notes or a portfolio of notes, or to hedge the net interest margin of the Commonwealth;

(7) "Financing agreement" means an agreement between the commission and the cabinet, or between the cabinet and a state agency, relating to the funding of projects or items associated with projects as described in KRS 56.867(3), a judgment against a state agency or the Commonwealth, or the finance or refinance of obligations owed under KRS 161.550(2)~~[or 161.553(2)]~~. The provisions of a financing agreement shall require either the cabinet to make payments to the commission relating to the commission's issuance of notes, or the state agency to make payments to the cabinet reimbursing the cabinet for its payments to the commission on the agency's behalf. The obligations of the cabinet or the state agency under a financing agreement shall be contingent upon appropriations by the General Assembly to the cabinet or to the agency for the payment of those obligations;

(8) "Fixed-rate obligations" means obligations on which the interest rate remains constant to maturity;

(9) "Funding notes" means notes issued under the provisions of KRS 56.860 to 56.869 by the commission for the purpose of funding:

(a) Judgments, with a final maturity of not more than ten (10) years; and

(b) The finance or refinance of obligations owed under KRS 161.550(2)~~[or 161.553(2)]~~;

(10) "Interest-sensitive assets" means tangible and intangible property held by the Commonwealth whose market value is dependent upon the level of interest rates;

(11) "Interest-sensitive liabilities" means interest-bearing debts or other obligations of the Commonwealth or a state agency;

(12) "Multimodal obligations" means obligations for which the time period for establishing the rate of interest may be selectively determined and altered;

(13) "Net interest margin" means the net income or expense associated with the difference between the Commonwealth's interest-sensitive assets and interest-sensitive liabilities;

(14) "Project notes" means notes issued under the provisions of KRS 56.860 to 56.869 by the commission with a final maturity of not more than twenty (20) years for the purpose of funding authorized projects, which may include bond anticipation notes;

(15) "State agency" means any state administrative body, agency, department, or division as defined in KRS 42.005, and set out in KRS Chapter 12, or any board, commission, institution, state university, or division exercising any function of the Commonwealth;

(16) "Tax and revenue anticipation notes" means notes that are issued under the provisions of KRS 56.860 to 56.869 by the commission with a final maturity that is no later than the last day of the fiscal year during which the tax and revenue anticipation notes are issued and that are issued in anticipation of estimated revenues to be received in that fiscal year; and

(17) "Variable-rate demand obligations" means obligations on which the rate of interest is set by reference to a predetermined index or formula, by auction, by an agent that, in the sole judgment of the commission, has the financial expertise to establish market interest rates, or by similar means.

➔Section 18. KRS 56.868 is amended to read as follows:

(1) The commission may issue and sell funding notes for the purposes of funding judgments against the Commonwealth or any state agency and financing or refinancing obligations owed under KRS 161.550(2)~~[or 161.553(2)]~~. Funding notes may be sold and issued in a manner and have terms relating to the payment of interest, principal, and premiums or discounts as market conditions warrant.

(2) Appropriations requests for payment of principal and interest on funding notes shall be made by the state agency against which a judgment has been rendered or, in the case of financing or refinancing obligations owed under KRS 161.550(2)~~[or 161.553(2)]~~, to the Kentucky Teachers' Retirement System. Funding notes, together with interest thereon, shall be repaid from payments received by the commission from the cabinet under a financing agreement.

(3) Funding notes may be issued for the following purposes:

(a) To pay for judgments, which shall include legal settlements, court-ordered actions against the Commonwealth or any state agency, and any part of any expense or cost incidental to legal settlements or court-ordered actions against the Commonwealth or any state agency;

(b) To finance or refinance obligations owed under KRS 161.550(2)~~[or 161.553(2)]~~; and

(c) To refund outstanding issues of funding notes.

(4) The issuance of funding notes shall be subject to KRS 56.870, to approval by the State Property and Buildings Commission, and to review by the Capital Projects and Bond Oversight Committee pursuant to KRS 45.810.

(5) The cabinet, in providing for the expenditure of funds for any of the purposes mentioned in this section, may provide by a financing agreement with the state agency so affected for the funding of the Commonwealth's or that state agency's judgment, and the state agency so affected is authorized to enter into a financing agreement with the cabinet for that purpose.

(6) Funding notes shall not constitute a debt of the Commonwealth or any political subdivision thereof or a pledge of the faith and credit of the Commonwealth or any political subdivision, but the notes shall be payable solely from payments received under the financing agreement relating to the funding notes.

➔Section 19. KRS 161.550 is amended to read as follows:

(1) Each employer, except as provided under KRS 161.555, shall contribute annually to the Teachers' Retirement System a permanent employer contribution rate on behalf of each employee it employs equal to:

(a) Thirteen and one hundred five thousandths percent (13.105%) of the total annual compensation of nonuniversity members who become members prior to July 1, 2008. Of this permanent employer contribution rate:

1. Twelve and three hundred fifty-five thousandths percent (12.355%) of the total annual compensation shall be used to fund pension and life insurance benefits; and

2. Three-quarters of a percent (0.75%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subparagraph in that trust fund;

(b) Fourteen and one hundred five thousandths percent (14.105%) of the total annual compensation of nonuniversity members who become members on or after July 1, 2008, but prior to January 1, 2022. Of this permanent employer contribution rate:

1. Thirteen and three hundred fifty-five thousandths percent (13.355%) of the total annual compensation shall be used to fund pension and life insurance benefits; and

2. Three-quarters of a percent (0.75%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subparagraph in that trust fund;

(c) Thirteen and sixty-five hundredths percent (13.65%) of the total annual compensation of university members who become members prior to January 1, 2022. Of this permanent employer contribution rate:

1. Ten and eight hundred seventy-five thousandths percent (10.875%) of the total annual compensation shall be used to fund pension and life insurance benefits; and

2. Two and seven hundred seventy-five thousandths percent (2.775%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subparagraph in that trust fund;

(d) Ten and three-quarters percent (10.75%) of the total annual compensation of nonuniversity members who become members on or after January 1, 2022. Of this permanent employer contribution rate:

1. Eight percent (8%) of the total annual compensation shall be used to fund pension and life insurance benefits. The contribution provided by this subparagraph shall not be used to fund the supplemental benefit account as provided by KRS 161.635;

2. Two percent (2%) of the total annual compensation shall be used to fund the mandatory employer contribution of the supplemental benefit component, except that the board may direct these contributions on a prospective basis into the pension and life insurance funds to contain costs within the provisions of KRS 161.633; and

3. Three-quarters of one percent (0.75%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subdivision in that trust fund; and

(e) Nine and seven hundred seventy-five thousandths percent (9.775%) of total annual compensation of university members who become members on or after January 1, 2022. Of this permanent employer contribution rate:

1. Five and seven hundred seventy-five thousandths percent (5.775%) of the total annual compensation shall be used to fund pension and life insurance benefits. The contribution provided by this subparagraph shall not be used to fund the supplemental benefit account as provided by KRS 161.636;

2. Two percent (2%) of the total annual compensation shall be used to fund the mandatory employer contribution of the supplemental benefit component, except that the board may direct these contributions on a prospective basis into the pension and life insurance funds to contain costs within the provisions of KRS 161.634; and

3. Two percent (2%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subparagraph in that trust fund.

(2) In addition to the required contributions in subsection (1) of this section, the state shall contribute annually to the Teachers' Retirement System a percentage of the total salaries of the state-funded and federally funded members it employs to pay the cost of health insurance coverage for retirees who are not eligible for Medicare and who retire on or after July 1, 2010, less the amounts that are otherwise required to be paid by the retirees under KRS 161.675. The board shall deposit funds in the medical insurance fund unless the board of trustees has established a trust fund under 26 U.S.C. sec. 115 for this purpose. In this case, the board may deposit the employer contribution in that trust fund. This contribution shall be known as the state medical insurance fund stabilization contribution. The percentage to be contributed by the state under this subsection:

(a) Shall be determined by the retirement system's actuary for each biennial budget period;

(b) May be suspended or adjusted by the General Assembly if in its judgment the welfare of the Commonwealth so demands; and

(c) Shall not exceed the lesser of the actual benefit cost for retirees not eligible for Medicare who retire on or after July 1, 2010, or the amount contributed by employers under subsection (3) of this section.

(3) All employers who employ nonuniversity members shall make a contribution for each payroll on behalf of their active employees who participate in the Teachers' Retirement System in an amount equal to three percent (3%) of payroll of those active employees. The contribution specified by this subsection shall be used to fund retiree health benefits.

(4) When the medical insurance fund established under KRS 161.420(5) achieves a sufficient prefunded status as determined by the Teachers' Retirement System's actuary, the board of trustees shall recommend to the General Assembly that the contributions required under subsections (1)(c)2. and (e)3. and (3) of this section shall, in an actuarially accountable manner, be either decreased, suspended, or eliminated. The decrease, suspension, or elimination in contributions required under subsection (1)(c)2. of this section shall not exceed two and twenty-five thousandths percent (2.025%) of annual compensation. The decrease, suspension, or elimination in contributions required under subsection (1)(e)3. of this section shall not exceed one and twenty-five hundredths percent (1.25%) of annual compensation.

(5) Each employer shall remit the required employer contributions to the retirement system under the terms and conditions specified for member contributions under KRS 161.560. The state shall provide annual appropriations based upon estimated funds needed to meet the requirements of KRS 161.155, 161.168, 161.507(4), 161.515, 161.545,~~[161.553,]~~ 161.605, 161.612, and 161.620(1), (3), (5), (6), and (7). In the event an annual appropriation is less than the amount of these requirements, the state shall make up the deficit in the next biennium budget appropriation to the retirement system. Employer contributions to the retirement system are for the exclusive purpose of providing benefits to members and annuitants and these contributions shall be considered deferred compensation to the members. This subsection shall not apply to costs applicable to individuals who become members on or after January 1, 2022.

➔Section 20. The following KRS section is repealed:

161.553 Funding of past statutory benefit improvements -- Schedules for appropriations -- Cost-of-living increases.

➔Section 21. The Auditor of Public Accounts shall perform a special audit of benefit programs provided by the Teachers' Retirement System which shall be paid by the Teachers' Retirement System as part of its normal administrative expenses. The special audit shall be limited to:

(1) An audit of the sick leave program established by Section 1 of this Act as it relates to the Teachers' Retirement System and the sick leave reported by local school districts to the Teachers' Retirement System as of June 30, 2025, to ensure that only the sick leave that is eligible for payment under Section 1 of this Act and inclusion in a retiring employee's final average salary as defined in Section 2 of this Act is being reported correctly according to Section 1 of this Act and that the cost of the sick leave program is being reported correctly according to Section 5 of this Act;

(2) An audit of the employers listed in subsection (4) of Section 2 of this Act to determine if any listed employers are providing coverage in the Teachers' Retirement System for other entities on a contract basis, through a memorandum of agreement, or other method. The audit shall provide a listing of each employer providing the retirement coverage, a listing of entities for which retirement coverage is being provided through the employer and the number of employees covered for each entity, and any estimated costs to the state for providing the Teachers' Retirement System coverage to these entities; and

(3) An audit of the Teachers' Retirement System's annual leave program established by KRS 161.540(1)(f) to report the agencies that are including annual leave payments in a retiring employee's final average salary as defined in Section 2 of this Act, to report the policies of each agency participating in the annual leave program and the number of employees covered by the policy of each agency, to evaluate how annual leave is reported to the system and whether changes should be made to annual leave reporting process to the system to ensure proper cost estimates, and a review of the cost of the annual leave program that is required to be disclosed in the annual valuation as required by Section 5 of this Act.

➔Section 22. Whereas ensuring the accuracy of data and costs of the sick leave programs provided by the Teachers' Retirement System will ensure the reliability of future pension costs, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 31, 2025.

CHAPTER 139

(HB 24)

AN ACT relating to conservation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 65A.010 is amended to read as follows:

As used in this chapter:

(1) "County" means any county, consolidated local government, urban-county government, unified local government, or charter county;

(2) "DLG" means the Department for Local Government established by KRS 147A.002;

(3) "Establishing entity" means the city or county, or any combination of cities and counties, that established a special purpose governmental entity and that has not subsequently withdrawn its affiliation with the special purpose governmental entity by ordinance or other official action;

(4) "Federally regulated municipal utility" means a municipal utility governed by the provisions of KRS 96.550 to 96.901, that maintains a wholesale power contract with a federal agency that also serves as its regulatory authority;

(5) (a) "Fee" means any user charge, levy, assessment, fee, schedule of rates, or tax, other than an ad valorem tax, imposed by a special purpose governmental entity.

(b) "Fee" shall not include the following charges imposed by special purpose governmental entities that provide utility services:

1. Any fuel cost adjustment that is:

a. Made pursuant to an agreement with a power supplier;

b. Amended by the power supplier based on the variable cost of fuel; and

c. Passed through to the consumer by the utility pursuant to the agreement between the utility and the power supplier;

2. Any power or energy cost adjustment implemented pursuant to a duly adopted base rate that provides for the periodic adjustment of a component of the rate, including any fuel costs or transmission costs, in accordance with the formula or conditions set forth in the base rate; or

3. Any environmental control cost adjustments or surcharges implemented pursuant to a duly adopted base rate that provides for the periodic adjustment of a component of the rate in accordance with a formula or conditions set forth in the base rate;

(6) (a) "Private entity" means any entity whose sole source of public funds is from payments pursuant to a contract with a city, county, or special purpose governmental entity, including funds received as a grant or as a result of a competitively bid procurement process.

(b) "Private entity" does not include any entity:

1. Created, wholly or in part, by a city, county, or combination of cities and counties to perform one (1) or more of the types of public services listed in subsection (9)(c) of this section; or

2. Governed by a board, council, commission, committee, authority, or corporation with any member or members who are appointed by the chief executive or governing body of a city, county, or combination of cities and counties, or whose voting membership includes governmental officials who serve in an ex officio capacity;

(7) "Public funds" means any funds derived from the levy of a tax, fee, assessment, or charge, or the issuance of bonds by the state or a city, county, or special purpose governmental entity;

(8) "Registry" means the online central registry and reporting portal established pursuant to KRS 65A.020; and

(9) (a) "Special purpose governmental entity" or "entity" means any agency, authority, or entity created or authorized by statute which:

1. Exercises less than statewide jurisdiction;

2. Exists for the purpose of providing one (1) or a limited number of services or functions;

3. Is governed by a board, council, commission, committee, authority, or corporation with policy-making authority that is separate from the state and the governing body of the city, county, or cities and counties in which it operates; and

4. a. Has the independent authority to generate public funds; or

   b. May receive and expend public funds, grants, awards, or appropriations from the state, from any agency, or authority of the state, from a city or county, or from any other special purpose governmental entity.

(b) "Special purpose governmental entity" shall include entities meeting the requirements established by paragraph (a) of this subsection, whether the entity is formed as a nonprofit corporation under KRS Chapter 273, pursuant to an interlocal cooperation agreement under KRS 65.210 to 65.300, or pursuant to any other provision of the Kentucky Revised Statutes.

(c) Examples of the types of public services that may be provided by special purpose governmental entities include but are not limited to the following:

1. Ambulance, emergency, and fire protection services;

2. Flood control, drainage, levee, water, ***and*** water conservation ***services***, ***and services provided by*** watershed ***conservancy districts***~~[,]~~ and soil ***and water*** conservation ***districts***~~[services]~~;

3. Area planning, management, community improvement, and community development services;

4. Library services;

5. Public health, public mental health, and public hospital services;

6. Riverport and airport services;

7. Sanitation, sewer, waste management, and solid waste services;

8. Industrial and economic development;

9. Parks and recreation services;

10. Construction, maintenance, or operation of roads and bridges;

11. Mass transit services;

12. Pollution control;

13. Construction or provision of public housing, except as set out in paragraph (d)8. of this subsection;

14. Tourism and convention services; and

15. Agricultural extension services.

(d) "Special purpose governmental entity" shall not include:

1. Cities;

2. Counties;

3. School districts;

4. Private entities;

5. Chambers of commerce;

6. Any incorporated entity that:

   a. Provides utility services;

   b. Is member-owned; and

   c. Has a governing body whose voting members are all elected by the membership of the entity;

7. Any entity whose budget, finances, and financial information are fully integrated with and included as a part of the budget, finances, and financial reporting of the city, county, or cities and counties in which it operates;

8. Federally regulated public housing authorities established pursuant to KRS Chapter 80 that receive no more than twenty percent (20%) of their total funding for any fiscal year from nonfederal fees, not including rental income; or

9. a. Any fire protection district or volunteer fire department district operating under KRS Chapter 75 with the higher of annual receipts from all sources or annual expenditures of less than one hundred thousand dollars ($100,000); or

b. Any fire department incorporated under KRS Chapter 273.

➔Section 2. KRS 262.097 is amended to read as follows:

(1) The supervisors of the respective soil ***and water*** conservation districts shall submit to the commission such statements, estimates, budgets, and other information at such time and in such manner as the commission requires.

(2) The supervisors of the soil ***and water*** conservation districts shall comply with the provisions of KRS 65A.010 to 65A.090***, except that KRS 65A.030 shall not apply to soil and water conservation districts***.

➔Section 3. KRS 262.280 is amended to read as follows:

(1) The board shall provide for the keeping of a full and accurate record of all its proceedings and of all resolutions, regulations, and orders issued or adopted by it.

(2) ***Notwithstanding KRS 65A.030***~~[For fiscal periods ending prior to July 1, 2014]~~, an audit of the accounts of each ***soil and water conservation*** district shall take place once every four (4) years unless the ***soil and water conservation*** district receives or expends ***one million dollars ($1,000,000)***~~[seven hundred fifty thousand dollars ($750,000)]~~ or more in any year, in which case the ***soil and water conservation*** district shall provide for the performance of an annual audit. The audit shall be conducted in accordance with audit standards and requirements stipulated in KRS 65.065(5).~~[For fiscal periods beginning on and after July 1, 2014, the provisions of KRS 65A.030 shall apply to audits of the accounts of each district.]~~

(3) Upon request of the commission, the board shall furnish the commission with copies of ordinances, regulations, orders, contracts, forms, and other documents adopted or employed by the board and any other information requested by the commission concerning the board's activities.

➔Section 4. KRS 262.763 is amended to read as follows:

(1) ~~[(a)]~~***Notwithstanding KRS 65A.030***~~[For fiscal periods ending prior to July 1, 2014]~~, an audit of the accounts of each watershed conservancy district shall take place once every four (4) years unless the ***watershed conservancy*** district receives or expends ***one million dollars ($1,000,000)***~~[seven hundred fifty thousand dollars ($750,000)]~~ or more in any year, in which case the ***watershed conservancy*** district shall provide for the performance of an annual audit. The audit shall be conducted in accordance with audit standards and requirements stipulated in KRS 65.065(5). The board of directors of each watershed conservancy district shall select to make the audit certified public accountants who have no personal interest in the financial affairs of the board of directors or in any of its officers or employees.~~[~~

~~(b) For fiscal periods beginning on and after July 1, 2015, the provisions of KRS 65A.030 shall apply to the audit of accounts of each watershed conservancy district.]~~

(2) Immediately upon completion of each audit, the accountant shall prepare a report of his ***or her*** findings and recommendations. This report shall be to the board of directors and in such number of copies as specified by the board of directors. The actual expense of any audit authorized under this section shall be borne by the watershed conservancy district.

(3) The board of directors shall comply with the provisions of KRS 65A.010 to 65A.090***, except that KRS 65A.030 shall not apply to watershed conservancy districts***.

➔Section 5. KRS 262.910 is amended to read as follows:

(1) During the term of an easement, the restricted land shall be used solely for the production of crops, livestock and livestock products, and nursery and greenhouse products including the processing or retail marketing of these crops, livestock and livestock products, and nursery and greenhouse products if more than fifty percent (50%) of the processed or merchandised products are produced on the subject land, and for the raising and stabling of horses for commercial purposes. For the purposes of this section and administrative regulations promulgated under its provisions, "crops, livestock and livestock products, and nursery and greenhouse products" include, but are not limited to:

(a) Tobacco;

(b) Wheat, soybeans, corn, and all commercially-produced fruits and vegetables;

(c) Horticultural specialties, including nursery stock ornamental shrubs, ornamental trees, and flowers;

(d) Livestock and livestock products, including cattle; sheep; swine; goats; horses; alpacas; llamas; buffaloes; any other animals of the bovine, ovine, porcine, caprine, equine, or camelid species; poultry; milk; and eggs; and

(e) Aquatic plants and animals and their by-products.

(2) (a) During the term of an easement the landowner and the landowner's assigns, agents, or leasees shall not perform, nor knowingly allow others to perform, any act on or affecting the restricted land that is inconsistent with the provisions of this section. The landowner shall be deemed to have authorized the PACE board to enforce these provisions.

(b) Unless otherwise specified, the landowner shall not be required to take any action to restore the condition of the restricted land after any act of God or other event over which the landowner had no control.

(c) Nothing in the PACE Program shall relieve the landowner of any obligation or restriction on the use of the property imposed by law.

(d) The Commonwealth shall not locate landfills, sewage treatment plants, or other public service facilities that are not compatible with or complimentary to agricultural production on restricted lands.

(3) (a) To retain the agricultural viability of the restricted land, the PACE board shall require, and the owner of the restricted land shall implement, a conservation plan approved by the soil and water conservation district. This plan shall be updated every ten (10) years and any time the basic farming operation conducted on restricted lands is changed. All farming operations shall be conducted substantially in accordance with the plan.

(b) In addition to the requirements established by the soil and water conservation district, the conservation plan shall require that:

1. The use of the land for growing sod, nursery stock, and ornamental trees and shrubs does not remove excessive soil from the restricted land;

2. The excavation of soil, sand, gravel, stone, or other materials for use in agricultural production on the restricted land is consistent with subsection (4)(h) of this section and is conducted in a location and manner that retains the viability of the restricted land for agricultural production; and

3. The mining of minerals is consistent with subsection (4)(h) of this section and is conducted only through the use of methods which will not interfere with the viability of the restricted land for agricultural production.

(4) The construction or reconstruction of any building or other structure, except those existing on the date of the easement or previously approved by the PACE board, is prohibited except in accordance with this subsection.

(a) Existing fences may be repaired and replaced, and new fences may be built anywhere on the restricted land for purposes of reasonable and customary management of livestock and wildlife, without approval of the PACE board.

(b) New buildings and other structures and improvements to be used solely for agricultural purposes including the processing or sale of farm products predominantly grown or raised on the restricted land, but not including any dwelling or farm labor housing, may not be built on the restricted land without the advance approval of the PACE board. The PACE board shall give approval within a reasonable time, unless it determines that the proposed building, structure, or improvement would not be properly located or would significantly diminish the agricultural production capacity of the restricted land.

(c) All existing single-family residential dwellings may be repaired, reasonably enlarged, and replaced at their current locations without further permission of the PACE board. No new single-family residential dwellings may be built on the restricted land without the advance approval of the PACE board. The PACE board shall give approval within a reasonable time, unless it determines that a proposed dwelling

would not be properly located or would significantly diminish the agricultural production capacity of the restricted land.

(d) The subdivision of the restricted land, whether by physical or legal process, is prohibited without the advance written approval of the PACE board. The PACE board shall give approval within a reasonable time, unless it determines that the proposed subdivision will diminish or impair the agricultural productivity of the restricted land.

(e) The granting of rights-of-way through restricted land for the installation of, transportation of, or use of, lines for water, sewage, electric, telephone, gas, oil or oil products is permitted. The term "granting of rights-of-way" includes the right to construct or install the lines. The construction or installation of utility lines other than the types stated in this paragraph is prohibited on the restricted land.

(f) No portion of the restricted land shall be paved or otherwise be covered with concrete, asphalt, gravel, or any other paving material, nor shall any road for access or other purposes be constructed, without the advance written approval of the PACE board. The PACE board shall give approval within a reasonable time, unless it determines that the proposed paving or covering of the soil, or the location of any road, will substantially diminish or impair the agricultural productivity of the restricted land.

(g) Trees may be cut to control insects and disease, to prevent personal injury and property damage, and for firewood and other domestic uses, including construction of permitted buildings and fences on the restricted land. Trees may also be cut to clear land for cultivation or use of livestock, but only if done in accordance with the conservation plan required by subsection (3) of this section. Any commercial timber harvesting on the restricted land shall be conducted on a sustainable yield basis and in substantial accordance with a forest management plan prepared by a competent professional forester.

(h) The mining or extraction of soil, sand, gravel, rock, oil, natural gas, fuel or any other mineral substance, using any method that disturbs the surface of the land, is prohibited without the advance written approval of the PACE board. The PACE board shall give approval within a reasonable time, unless it determines that the proposed mining or extraction will substantially diminish or impair the agricultural productivity of the restricted land.

(i) The dumping or accumulation of any kind of trash or refuse on the restricted land is prohibited. However, this shall not prevent the storage of agricultural products and by-products on the restricted land, so long as it is done in accordance with all applicable laws, administrative regulations, and ordinances.

(j) Golf courses are prohibited on the restricted land. Buildings and facilities for any other public or private recreational use may not be built on the restricted land without the advance written approval of the PACE board. The PACE board shall not give approval unless it determines that the proposed use or facilities will not substantially diminish or impair the agricultural productivity of the restricted land.

(k) Notwithstanding any other provision of this section to the contrary, upon a proper application, which shall include supporting documentation from the appropriate federal agency, the PACE board may give its written approval of a proposal to erect structures, roads, and pathways on the surface of the restricted land as long as:

1. An underground training facility for federal agency personnel exists below the restricted land surface;

2. Any such structures, roads, or pathways constructed will be used for the purpose of training federal agency personnel; and

3. The applicant:

a. Signs an agreement with the PACE board requiring the applicant to:

i. Remove such structures, roads, or pathways; and

ii. Restore the land to its previous condition and to the satisfaction of the PACE board on or before a date that is specified in the agreement;

b. Provides documentation of the county fiscal court's consent to the construction of the proposed structures, roads, or pathways; and

c. Agrees in writing to all of the requirements for the exemption as established by the PACE board.

(5) Landowners shall retain the right to perform any act not specifically prohibited or limited by this section and administrative regulations promulgated under its provisions. These ownership rights include, but are not limited to, the right to exclude any member of the public from trespassing on the restricted land and the right to sell or otherwise transfer the restricted land to anyone of the landowner's choice.

Signed by Governor March 31, 2025.

CHAPTER 140

(HJR 5)

A JOINT RESOLUTION designating names for various roads and bridges.

WHEREAS, from time to time, the General Assembly has seen fit to honor various Kentuckians by naming portions of state highways and erecting commemorative roadway signs in their honor; and

WHEREAS, these Kentuckians have come from all walks of life, held a multitude of jobs, and had a variety of accomplishments that made them deserving of the honor; and

WHEREAS, these individuals have included former Governors, former members of the General Assembly, decorated veterans, slain law enforcement officers, local elected officials, astronauts, doctors, educators, distinguished athletes, and civic leaders; and

WHEREAS, every citizen of the Commonwealth owes a great debt of gratitude to the patriotic men and women killed and wounded in service to their country in times of great need; and

WHEREAS, the General Assembly has often honored the veterans of this state by naming portions of several roads, from interstates to small two-lane country roads, in their honor; and

WHEREAS, the General Assembly again sees fit to honor a group of individuals who have made the lives of their fellow Kentuckians better and brought honor and respect to the Commonwealth;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. The Transportation Cabinet shall designate the entire route of United States Route 127 in Russell County as the "Deputy Sheriff Joshua Phipps Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 2. The Transportation Cabinet shall designate United States Route 25 in Madison County, from mile point 5.865 to mile point 9.565, as the "Captain Samuel A. Manley Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 3. The Transportation Cabinet shall designate the bridge on Kentucky Route 1285 over Brushy Fork Creek in Nicholas County (Bridge ID# 091B00065N) as the "Deborah D. Ritchie Memorial Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 4. The Transportation Cabinet shall designate the new bypass connecting Kentucky Route 245 and United States Route 62 in Nelson County as the "Sons of Bardstown Memorial Highway" and shall, within 30 days of the effective date of this Resolution, or upon the completion of construction of the highway, erect appropriate signage denoting this designation.

➔Section 5. The Transportation Cabinet shall designate the bridge on Kentucky Route 582 over Bates Branch in Knott County (Bridge ID# 060B00015N) as the "BB and Larry King Memorial Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 6. The Transportation Cabinet shall designate United States Route 62 in Muhlenberg County, from Scott Road at mile point 5.604 to mile point 9.358 near the city limits of Greenville, as the "Warren Oates Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 7. The Transportation Cabinet shall designate Kentucky Route 176 in Muhlenberg County, from mile point 0 in Greenville to mile point 7.34 near the city limits of Drakesboro, as the "Representative Brent Yonts

Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation. This designation shall supersede any previous honorary designation for this section of highway.

➔Section 8. The Transportation Cabinet shall designate the bridges on United States Route 23 in Lawrence County over Blaine Creek at mile point 23.6 (Bridge ID# 064B00056R and 064B00056L) as the "James Ishmael Tackett Memorial Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 9. The Transportation Cabinet shall designate United States Route 27 in Campbell County, commonly known as Monmouth Street and Alexandria Pike, from Fifth Street in Newport to Highland Avenue in Fort Thomas, as the "Patrick J. Crowley Memorial Parkway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation. This designation shall supersede any previous honorary designation for this section of highway.

➔Section 10. The Transportation Cabinet shall designate the bridge on Kentucky Route 550 in Floyd County at mile point 0.073 over the Right Fork of Beaver Creek (Bridge ID# 036B00017N) as the "Donald V. Horne Memorial Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 11. The Transportation Cabinet shall designate the newly relocated northern portion of United States Route 641 in Caldwell, Crittenden, and Lyon Counties as the "Representative Mike Cherry Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 12. The Transportation Cabinet shall designate the portion of Kentucky Route 80 in Leslie County, from its intersection with Daisy Lane to its intersection with Pool Drive, as the "Venita Caldwell Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 13. The Transportation Cabinet shall designate Kentucky Route 117 in Christian County as the "POW/MIA Trail" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 14. The Transportation Cabinet shall designate a portion of Kentucky Route 979 in Floyd County, from mile point 15.7 to mile point 18.4, as the "Ermal Tackett Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 15. The Transportation Cabinet shall designate the portion of Kentucky Route 150 in Jefferson County, from mile point 1 to mile point 3, as the "Mae Street Kidd Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 16. The Transportation Cabinet shall designate Kentucky Route 2295 in Pulaski County, from its beginning at United States Route 27 at mile point 0.0 to its intersection with East Lakeshore Drive at mile point 1.1, as a memorial highway and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation. The signage erected under this section shall read:

"In Memory of Our Fallen Officers

Marshals John Coomer, Hiram Gregory,

Charlie Wright, & George Prentice Southwood".

➔Section 17. The Transportation Cabinet shall designate Kentucky Route 378 in Magoffin County, from mile point 5.5 to the intersection of Paddle Branch Road, as the "Robert Ritchie Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 18. The Transportation Cabinet shall designate the portion of Kentucky Route 1057 in Powell County, from mile point 9.5 to mile point 8.5, as the "Katherine Frazier Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 19. The Transportation Cabinet shall designate the bridge on Kentucky Route 1057 in Powell County at mile point 4.1 over Little Hardwick Creek (Bridge ID# 099B00092N) as the "Phillip Denny Frazier Memorial Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 20. The Transportation Cabinet shall designate the bridge on Kentucky Route 1428 in Johnson County at mile point 4.1 over Paint Creek (Bridge ID# 058B00048N) as the "Michael 'Caveman' Salyer Memorial

Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 21. The Transportation Cabinet shall designate the bridge on Kentucky Route 52 in Madison County at mile point 22.53 over a branch of Drowning Creek (Bridge ID# 076B00009N) as the "Bill Strong Memorial Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 22. The Transportation Cabinet shall designate the bridge on Kentucky Route 476 in Perry County at mile point 12.42 over Balls Fork (Bridge ID# 097B00144N) as the "James Clayton Stacy Memorial Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 23. The Transportation Cabinet shall designate the bridge on Kentucky Route 92 in McCreary County at mile point 20.8 over Marsh Creek (Bridge ID# 074B00040N) as the "Angus Ross Memorial Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 24. The Transportation Cabinet shall designate the portion of Kentucky Route 245 in Bullitt County, from mile point 1 to mile point 6, as the "Joe Raley Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 25. The Transportation Cabinet shall designate the bridge on Kentucky Route 302 in Johnson County at mile point 3.7 over Millers Creek (Bridge ID# 058B00030N) as the "Freddie Jarrell Hannah Memorial Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 26. The Transportation Cabinet shall designate the bridge spanning the Beech Fork River on United States Highway 31E in Nelson County (Bridge ID #090B00113N) as the "Nelson County Veterans Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 27. The Transportation Cabinet shall designate United States Route 31 West Bypass in Elizabethtown, Hardin County, from its intersection with KY Route 62 to its intersection with New Glendale Road, as the "Billy and Kathy Edwards Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 28. The Transportation Cabinet shall designate Untied States Route 127 in Franklin County, from the intersection with United States Route 60 to the intersection with Kentucky Route 1005, as the "Kentucky National Guard Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation. This designation shall supersede any previous designation made for this section of highway.

➔Section 29. The Transportation Cabinet shall designate the portion of Kentucky Route 221 in Harlan County, from mile point 8.9 to mile point 18.4, as the "Johnnie L. Turner Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 30. The Transportation Cabinet shall designate the overpass on Kentucky Route 841 over Stonestreet Road at mile point 3 in Jefferson County as the "Stephen "Trey" Coleman III Memorial Overpass" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 31. The Transportation Cabinet shall designate Kentucky Route 908, from mile marker 0.7 to mile marker 0.9 in Martin County, as the "Preece Brothers WWII Veterans Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect the appropriate signage.

➔Section 32. The Transportation Cabinet shall designate a portion of United States Highway 119, from mile marker 20.9 to mile marker 23.7, in Pike County as the "Coach Philip Haywood Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage. This designation shall supersede any previous designation made for this section of highway.

➔Section 33. The Transportation Cabinet shall designate the bridge on Interstate 264 in Jefferson County at mile point 2.7 over Virginia Avenue (Bridge ID# 056B00474N) as the "Mary Alice Howard Burton and John Burton Memorial Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 34. The Transportation Cabinet shall designate a portion of Kentucky Route 1159, from its intersection with North AA Highway to its intersection with Liberty Avenue, in Bracken County as the "Stephanie Hamilton Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage.

➔Section 35. The Transportation Cabinet shall designate the bridge on Kentucky Route 52 in Madison County at mile point 4 over Silver Creek (Bridge ID# 076B00027N) as the "Frank Milton King Memorial Bridge" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

➔Section 36. The Transportation Cabinet shall designate Kentucky Route 30, from its intersection with Ulrich Lane to mile marker 9.5 in Laurel County, as the "Albert Robinson Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect the appropriate signage.

➔Section 37. The Transportation Cabinet shall designate United States Route 23, from mile marker 27 to mile marker 28 in Lawrence County, as the "Trooper Chris Carter Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect the appropriate signage.

➔Section 38. The Transportation Cabinet shall designate the following route as the Heartland Parkway and shall within thirty (30) days erect appropriate signage at each end of the route and at each county line in between:

(1) Kentucky Route 55 in Adair, Taylor, and Marion Counties; and

(2) Kentucky Route 55 in Washington County from the Marion County line to its intersection with United States Route 150.

➔Section 39. The General Assembly hereby urges the Kentucky Transportation Cabinet to petition the American Association of State Highway and Transportation Officials to designate as United States Highway 111 along the following routes:

(1) Kentucky Route 461 from United States Highway 25 at Mount Vernon to the KY 80 interchange at Shopville;

(2) Kentucky Route 80 from the Kentucky Route 461 intersection to the Kentucky Route 914 intersection;

(3) Kentucky Route 914 (the Somerset Bypass) from the Kentucky Route 80 intersection to the Kentucky Route 1247 intersection;

(4) Kentucky Route 1247 from the Kentucky Route 914 intersection in Ferguson to the Kentucky Route 90/United States Highway 27 interchange at Burnside;

(5) Kentucky Route 90 from the United States Highway 27/Kentucky Route 1247 interchange through Monticello to the United States Highway 127 intersection;

(6) United States Highway 127 from the Kentucky Route 90 intersection through Albany to the Tennessee Route 111 intersection at Static;

(7) Tennessee Route 111 for its entire length, to United States Highway 27 at Soddy-Daisy;

(8) United States Highway 27 from the Tennessee Route 111 intersection to the Tennessee Route 153 intersection; and

(9) Tennessee Route 153 from the United States Highway 27 intersection to the United States Highway 11/64 intersection just before Interstate 75.

➔Section 40. The proposed petition in Section 39 of this Act includes United States Highway 27 and Tennessee Route 153 in order to follow AASHTO's general principle that three-digit federal routes should be spur routes of a two-digit federal route, with its number incorporated as the last two digits of the spur route. If AASHTO does not deem this necessary, and Tennessee does not wish to extend United States Highway 111 to United States Highway 11, the last two segments in subsections (8) and (9) of Section 39 of this Act may be considered optional.

➔Section 41. Except in the case of Kentucky Route 461, the proposal in Section 39 of this Act does not call for elimination of existing route numbers. United States Highway 111 could be co-signed with the segments of Kentucky Routes 80, 914, 1247, and 90, and United States Highway 127, depending on the decisions of state officials in consultation with local officials.

➔Section 42. The Transportation Cabinet shall designate the portion of Kentucky Route 914 in Pulaski County, from its intersection with Kentucky Route 1577 to its intersection with Kentucky Route 1247, as the "Faye Cain Sears Memorial Highway" and shall, within 30 days of the effective date of this Resolution, erect appropriate signage denoting this designation.

Signed by Governor April 1, 2025.

CHAPTER 141

(SB 104)

AN ACT relating to the Kentucky Public Employees' Deferred Compensation Authority.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 18A.230 is amended to read as follows:

As used in KRS 18A.230 to 18A.275, unless the context requires otherwise:

(1) "Employee" means a person holding an office, position or employment in state government and agencies thereof and also includes persons in the public school system;

(2) "Income" means earnings of a person while an employee of the state and agencies thereof or public school system;

(3) "Asset" means any owned physical object or right having a monetary value;

(4) "Trust fund" means a fund consisting of assets received and held by a government unit or its designated custodian to be expended or invested in accordance with conditions of the trust;

(5) "Deferred compensation" means a method which allows employees to authorize income to be deducted from their current earning and set aside to be paid at a later date;

(6) "Board" means the board of trustees as established by KRS 18A.245;

(7) "Authority" means the Kentucky Public Employees' Deferred Compensation Authority;~~[and]~~

(8) "Financial planning" means the process of determining whether and how a participant can meet retirement goals through the proper management of financial resources***; and***

(9) "Self-directed brokerage account" means a brokerage account of record offered by a broker-dealer selected by the board and registered with the United States Securities and Exchange Commission which allows participants to invest in securities registered with the United States Securities and Exchange Commission as alternative plan investments in addition to those designated by the board.

➔Section 2. KRS 18A.235 is amended to read as follows:

The Kentucky Public Employees Deferred Compensation System is established pursuant to the provisions of KRS 18A.230 to 18A.275, and shall transact all of its business and shall have the powers and privileges of a corporation***, including but not limited to the following powers:***

(1) The board shall have the power and authority to purchase fiduciary liability insurance; and

(2) The board shall reimburse or advance any trustee, officer, or employee for any legal expense resulting from a civil action arising out of the performance of his or her official duties. The hourly rate for any contract for legal services under this subsection shall not exceed the maximum hourly rate provided in the Legal Services Duties and Maximum Rate Schedule promulgated by the Government Contract Review Committee established pursuant to KRS 45A.705, unless a higher rate is specifically approved by the secretary of the Finance and Administration Cabinet or his or her designee.

➔Section 3. KRS 18A.245 is amended to read as follows:

(1) The authority shall be administered by a board of trustees composed of seven (7) members, who shall be as follows:

(a) Secretary, Finance and Administration Cabinet, ex officio;

(b) Secretary of personnel, ex officio;

(c) The state controller, ex officio;

(d) The State Treasurer, ex officio; and

(e) Three (3) at-large members appointed by the Governor, who do not have a conflict of interest as provided by KRS 18A.262, one (1) of whom shall have at least five (5) years of investment or banking experience and one (1) of whom shall be a representative of a nonstate government employer.

(2) The members of the board appointed by the Governor shall serve for a period of four (4) years and the ex officio members of the board shall serve only for the period of their term of office. Each ex officio member may designate a proxy by written notice to the authority prior to call of order of each meeting, and the proxy shall be entitled to participate as a full voting member.

(3) Any vacancy which may occur shall be filled in the same manner provided for the selection of the particular member for a full term. Vacancies shall be filled for the unexpired term only.

(4) Membership on the board of trustees shall not be incompatible with any other office unless a constitutional incompatibility exists, and no member shall be subject to removal from office, except upon conviction of a felony, or of a misdemeanor involving moral turpitude.

(5) Board members who do not otherwise receive a salary or compensation from the State Treasury shall receive a per diem of one hundred dollars ($100) for each day they are in session or on official duty, and they shall be reimbursed for their actual and necessary expenses in accordance with state administrative regulations and standards applicable to state employees.

(6) The board shall meet at least once in each quarter of the year, and may meet in special session upon the call of the ***chair***~~[chairman]~~. It shall elect a ***chair***~~[chairman]~~ and a vice ***chair***~~[chairman]~~. A majority of the members shall constitute a quorum, and all actions taken by the board shall be by affirmative vote of a majority of the members present.

(7) The authority shall be attached to the Personnel Cabinet for administrative purposes only. The board may take but is not limited to the following actions:

(a) Appoint such employees as it deems necessary and fix the compensation for all employees of the board, subject to the approval of the secretary. The authority shall be headed by an executive director who shall be appointed by the board of ***trustees***~~[directors]~~ of the authority without the limitations imposed by KRS 12.040 and KRS Chapter 18A. The executive director of the authority and employees appointed by the board shall serve at its will and pleasure. All other staff of the authority shall be employed under KRS 18A.005 to 18A.200;

(b) Require such employees as it thinks proper to execute bonds for the faithful performance of their duties;

(c) Establish a system of accounting;

(d) Contract for such services as may be necessary for the operation or administration of deferred compensation plans authorized in KRS 18A.230 to 18A.275, including annual audits;

(e) Do all things, take all actions, and adopt plans for participation consistent with federal law and with the provisions of KRS 18A.230 to 18A.275, including but not limited to:

1. Amending the board's plan for the Kentucky Public Employees 401(k) Deferred Compensation Plan or the Kentucky Employees 457 Deferred Compensation Plan, or both such plans, to adopt, maintain, and terminate a deemed IRA program under Internal Revenue Code Section 408;

2. Amending the board's plan for the Kentucky Public Employees 401(k) Deferred Compensation Plan to adopt, maintain, and terminate a qualified Roth contribution program under Internal Revenue Code Section 402A; and

3. Adopting, maintaining, and terminating an Internal Revenue Code Section 403(b) plan for qualified employees;~~[and]~~

(f) Contract with persons or companies duly licensed by the state of Kentucky and applicable federal regulatory agencies, at the cost of the trust fund or individual participant accounts, to provide investment advice and financial planning to participants in the plans, with respect to their selection of investments. The board may promulgate administrative regulations for provision of financial planning to participants in the plans***;***

(g) Contract with companies duly licensed by the state of Kentucky and applicable federal regulatory agencies to provide self-directed brokerage accounts to participants for their individual selection of plan account investments. Such contracts with self-directed brokerage account vendors shall be exempt from KRS Chapters 45 and 45A. The board may promulgate administrative regulations in

accordance with KRS Chapter 13A for the provision of self-directed brokerage accounts to participants; and

(h) Promulgate administrative regulations in accordance with KRS Chapter 13A, provided the regulations are not inconsistent with KRS 18A.230 to 18A.275, necessary or proper in order to carry out the provisions of this section and duties authorized by KRS 18A.230 to 18A.275.

(8) The Attorney General, or an assistant designated by him ***or her***, may act as legal adviser and attorney for the board. The board may also appoint legal counsel in accordance with KRS Chapter 12.

(9) The board shall prepare an annual financial report showing all receipts, disbursements, assets, and liabilities and shall submit a copy to the Governor and the Legislative Research Commission. All board meetings and records shall be open for inspection by the public.

(10) Notwithstanding any other evidence of legislative intent, it is hereby declared to be the controlling legislative intent that the provisions of KRS 18A.230 to 18A.275 shall conform with federal statutes or regulations and meet the qualification requirements under 26 U.S.C. secs. 401(a) and 457(b), applicable federal regulations, and other published guidance, and the board shall have the authority to promulgate administrative regulations, with retroactive effect if required under federal law, to conform the Kentucky Public Employees 401(k) Deferred Compensation Plan and the Kentucky Employees 457(b) Deferred Compensation Plan with federal statutes and regulations and to meet the qualification requirements under 26 U.S.C. secs. 401(a) and 457(b).

➔Section 4. KRS 18A.255 is amended to read as follows:

(1) ***Subject to subsections (3) and (4) of this section but*** notwithstanding any other provision of KRS 18A.230 to 18A.275, funds held for the ***state***~~[State of Kentucky]~~ public employees deferred compensation trust fund pursuant to agreement between the state and participating employees may be invested in such investments as are deemed appropriate by the trustees, including but not limited to annuity contracts. Agreements may be made in writing or by electronic record, signature, or contract as determined by the authority in accordance with the provisions of KRS 369.101 to 369.120 and shall not be denied legal effect or enforceability if made electronically to the extent permitted by the authority.

(2) Funds deposited to the credit of the trust fund from payroll deductions made pursuant to KRS 18A.250 shall be temporarily invested as provided in KRS 42.500 until such funds are invested pursuant to the deferred compensation agreements between the state and participating employees and actually credited to accounts for plan participants. Notwithstanding KRS 42.500, interest earned from such temporary investments ***and by the trust fund and the corpus of the trust fund*** shall be used to defray the expenses of administering the deferred compensation ***plans, including but not limited to all business and operational expenses, premiums for general and fiduciary liability insurance and deductible costs, and costs to settle claims against the authority, its plans, and trustees, as determined by the board in the best interest of plan participants***~~[system]~~.

(3) Neither the authority nor the board shall be liable for any losses or claims due to a participant's actions in connection with the investment advice or financial planning provided to the participant by operation of KRS 18A.245(7)(f) or ***other statute or administrative regulation***~~[otherwise]~~. The authority and board shall have no duty or obligation to monitor, review, or assess the specific investment advice or financial planning provided to a participant.

(4) (a) The participant shall have sole responsibility for evaluation, selection, and monitoring of investments held in his or her self-directed brokerage account, and shall at all times be and remain responsible and liable for any losses in his or her self-directed brokerage account. Expenses charged for use of a self-directed brokerage account shall be paid solely by the participant.

(b) Neither the authority nor the board shall be liable for any losses, expenses, liabilities, or claims due to a participant's actions in connection with a self-directed brokerage account provided to the participant by operation of subsection (7)(g) of Section 3 of this Act or other statute or administrative regulation. The authority and board shall have no duty or obligation to monitor, review, or assess the investments held in a participant's self-directed brokerage account or the self-directed brokerage account's investment performance. Neither the authority nor the board shall be responsible for review or evaluation of fees of a self-directed brokerage account, including but not limited to fees of a self-directed brokerage account's custodian or broker. The board's selection of a restricted asset list for self-directed brokerage accounts creates no presumption that the board has any obligation or

duty to select, monitor, or deem prudent assets which may be invested in a self-directed brokerage account.

(5) (a) A trustee shall discharge his or her duties as a trustee, including his or her duties as a member of a committee:

1. In good faith;

2. On an informed basis; and

3. In a manner he or she honestly believes to be in the best interest of the authority and its plans and trusts.

(b) A trustee discharges his or her duties on an informed basis if, when he or she makes an inquiry into the business affairs of the board or authority or into a particular action to be taken or decision to be made, he or she exercises the care of an ordinary prudent person in a like position would exercise under similar circumstances.

(c) In discharging his or her duties, a trustee may rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

1. One (1) or more officers or employees of the board whom the trustee honestly believes to be reliable and competent in the matters presented;

2. Legal counsel, public accountants, or other persons as to matters the trustee honestly believes are within the person's professional or expert competence; or

3. A committee of the board of trustees of which he or she is not a member if the trustee honestly believes the committee merits confidence.

(d) A trustee shall not be considered as acting in good faith if he or she has knowledge concerning the matter in question that makes reliance otherwise permitted by paragraph (c) of this subsection unwarranted.

(e) Any action taken as a trustee, or any failure to take any action as a trustee, shall not be the basis for monetary damages or injunctive relief unless:

1. The trustee has breached or failed to perform the duties of the trustee's office in compliance with this section; and

2. In the case of an action for monetary damages, the breach or failure to perform constitutes willful misconduct or wanton or reckless disregard for human rights, safety, or property.

(f) A person bringing an action for monetary damages under this section shall have the burden of proving by clear and convincing evidence the provisions of paragraph (e)1. and 2. of this subsection, and the burden of proving that the breach or failure to perform was the legal cause of damages suffered by the authority or its plans or trusts.

➔Section 5. KRS 18A.260 is amended to read as follows:

Assets held for the state public employees' deferred compensation trust fund shall be invested as permitted by KRS 18A.230 to 18A.275. However, investments by participants in self-directed brokerage accounts shall be limited to securities registered with the United States Securities and Exchange Commission only~~[In no case shall such investment be other than permitted by KRS 18A.230 to 18A.275 and not prohibited by Section 177 of the Kentucky Constitution and must be offered by such persons or companies authorized and duly licensed by the State of Kentucky and applicable federal regulatory agencies to offer such insurance or investment programs in compliance with all relevant provisions of KRS 18A.230 to 18A.275]~~.

Signed by Governor April 1, 2025.

CHAPTER 142

(HB 188)

AN ACT relating to motor vehicle driveaway plates.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 281 IS CREATED TO READ AS FOLLOWS:

(1) (a) A driveaway business that holds a proper driveaway certificate issued under KRS 281.630 may apply for a driveaway plate with the county clerk in each county in which his or her principal office or place of business, branch office, sub-agent, or agency is located.

(b) A driveaway plate allows a vehicle that has a valid registration of a declared gross vehicle weight to be operated in driveaway service and shall be reusable until the driveaway plate expires or is revoked.

(c) The registration fee for initial issuance and annual renewal of a driveaway plate is one hundred fifty dollars ($150) and is payable to the county clerk.

(2) Upon receipt of the one hundred fifty dollar ($150) fee, the county clerk shall issue a certificate of registration and one (1) driveaway plate. The county clerk shall furnish each driveaway business that holds a driveaway plate registered under this section with additional driveaway plates upon the payment of a thirty-five dollar ($35) fee for each additional plate requested. Fifteen dollars ($15) of this fee shall be retained by the county clerk for each additional plate issued.

(3) A driveaway plate issued under this section shall:

(a) Not be used on a vehicle operated on a highway except for the purpose of transporting vehicles in transit;

(b) Not be used by tow truck operators transporting wrecked, disabled, abandoned, improperly parked, or burned vehicles; and

(c) Be used only by owners, corporate officers, agents, or employees of the business to which the plate was issued.

(4) Holders of a driveaway plate shall keep a record of each trip made using a driveaway plate. This record shall include the:

(a) Vehicle identification number of the vehicle;

(b) Origin and destination of the vehicle;

(c) Total number of miles traveled; and

(d) Dates traveled.

(5) Driveaway plates issued under this section shall annually expire on December 31.

(6) If a driveaway certificate is revoked or not renewed, all driveaway plates issued under this section to the driveaway business holding that driveaway certificate shall be returned to the cabinet.

(7) The cabinet shall be responsible for the issuance and cancellation of driveaway plates under this section, and the enforcement of this section, except for the normal responsibilities of law enforcement agencies. The cabinet may promulgate administrative regulations in accordance with KRS Chapter 13A to administer this section.

➔Section 2. KRS 281.631 is amended to read as follows:

(1) No person shall act as a motor carrier without first obtaining a motor carrier vehicle license from the department for each motor carrier vehicle.

(2) Application for and renewal of a motor carrier vehicle license shall be made in such form as the department may require. Every motor carrier vehicle license shall be renewed annually.

(3) (a) Except ***for driveaway plates issued under Section 1 of this Act, and except*** as permitted under paragraph (b) of this subsection, an applicant or license holder shall pay to the department the following annual license fees:

1. Thirty dollars ($30) for each taxicab, limousine, TNC, or disabled persons vehicle;

2. Ten dollars ($10) for each motor carrier vehicle transporting household goods for hire;

3. One hundred dollars ($100) for each charter bus or bus;

4. Fifteen dollars ($15) for each motor carrier vehicle operating as a U-Drive-It;

5. Ten dollars ($10) for each motor carrier vehicle transporting property other than household goods and those exempt under KRS 281.605; ***and***

6. ~~[Ten dollars ($10) for each motor carrier vehicle operating as a driveaway; and~~

~~7.~~]Ten dollars ($10) for each automobile utility trailer.

(b) The cabinet may promulgate administrative regulations to set forth an optional motor carrier vehicle license fee schedule under this subsection on a bulk basis for applicants who employ or contract with more than fifty (50) vehicles. Bulk application fees under these administrative regulations may use a tiered system based on the type of certificate and the number of vehicles.

(4) Before the department may issue or renew a motor carrier vehicle license, the applicant or license holder shall:

(a) Pay the fee established under subsection (3) of this section;

(b) For a taxicab, limousine, disabled persons vehicle, TNC vehicle, charter bus, and bus, provide a copy of the vehicle registration for each out-of-state registered motor carrier vehicle being licensed, and if necessary, a statement showing that the driver is an insured driver of the vehicle, and that the registered owner or lessee authorizes the use of the vehicle for TNC services; and

(c) For a taxicab, limousine, disabled persons vehicle, TNC vehicle, charter bus, and bus, obtain and retain for a period of at least three (3) years, an inspection of the motor vehicle in the manner and form as the department may require.

(5) No motor carrier vehicle shall be operated after the expiration of the motor carrier vehicle license under which it is operated.

(6) All cities or counties of the Commonwealth may impose an annual license fee on an intrastate taxicab, limousine, or disabled persons vehicle operated from said city or county. The annual license fee shall not exceed thirty dollars ($30) per vehicle.

(7) Notwithstanding any other provisions of this section, nonresident motor carriers engaged in transporting passengers for hire in irregular route interstate charter or special operations shall be exempt from all fees prescribed in this chapter, if reciprocal privileges are granted to similar nonresident carriers by the laws and regulations of his or her state.

(8) If any person required to pay a license fee under subsection (3) of this section begins the operation of an additional motor carrier vehicle after the date of its certificate or renewal, the fee shall be as many twelfths of the annual fee as there are unexpired months in the certificate or renewal year.

(9) The department may promulgate administrative regulations ***in accordance with KRS Chapter 13A*** as it deems necessary to ***administer this section***~~[carry out]~~.

Signed by Governor April 1, 2025.

CHAPTER 143

(HB 437)

AN ACT relating to alcoholic beverages.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 241.090 is amended to read as follows:

(1) State administrators and all investigators shall have the full police powers of peace officers***, except as provided in subsection (2) of this subsection***, and their jurisdiction shall be coextensive with the state. They may inspect any premises where alcoholic beverages are manufactured, sold, stored, or otherwise trafficked in, without first obtaining a search warrant. They may confiscate any contraband property. The jurisdiction and police powers of state administrators and all investigators during an emergency declared under KRS Chapter 39A shall be subject to the limitations of KRS 39A.090.

(2) A state administrator shall not have the power to make arrests unless he or she is certified in accordance with KRS 15.380 to 15.404.

➔Section 2. KRS 241.110 is amended to read as follows:

(1) ***(a)*** The fiscal court of any county in which traffic in alcoholic beverages is not forbidden under KRS Chapter 242 may by resolution declare that regulation of the traffic in that county is necessary.

(b) The county judge/executive shall immediately constitute a county alcoholic beverage control administrator for the county. However, the county judge/executive may decline to accept this office, or after accepting the office, the county judge/executive may resign from the office, and in either event, notwithstanding the provisions of KRS 241.120***, 241.140, and***~~[to and including KRS]~~ 241.150, the county judge/executive may promptly appoint a person***:***

1. At least thirty (30) years of age***;***~~[,]~~

2. Who at the time of the appointment has been a citizen of the state and a resident of that county for at least two (2) years next preceding the date of appointment***;***~~[,]~~ and

3. Who is able to qualify to serve at the pleasure of the county judge/executive as county alcoholic beverage control administrator for that county.

Before entering upon the duties of county alcoholic beverage control administrator appointed by the county judge/executive, the appointee shall take the oath prescribed by Section 228 of the Constitution. Upon the qualification and appointment of this person as county alcoholic beverage control administrator for the county, the person shall immediately notify the department.

(2) The compensation of the county alcoholic beverage control administrator, appointed by the county judge/executive, shall be fixed by the fiscal court in accordance with KRS 64.530. The county judge/executive may also appoint any investigators and clerks deemed necessary for the proper conduct of the county alcoholic beverage control administrator's office, their salaries likewise shall be fixed by the fiscal court pursuant to KRS 64.530, and they will serve at the pleasure of the county judge/executive.

(3) No person shall be a county alcoholic beverage control administrator, an investigator, or an employee of the county under the supervision of the county alcoholic beverage control administrator, who would be disqualified to be a member of the board under KRS 241.100.

(4) (a) The county alcoholic beverage control administrator, appointed by the county judge/executive, and the administrator's investigators, shall have full police powers of peace officers, and their jurisdiction shall be over the unincorporated areas of the county and within the corporate limits of any city in the county not having its own administrator. They may inspect any premises where alcoholic beverages are manufactured, sold, stored, or otherwise trafficked in, without first obtaining a search warrant.

(b) The ~~[county judge/executive, serving as the]~~county alcoholic beverage control administrator***, and any investigator appointed by the administrator***, shall not have the power to make arrests unless he or she is certified ***in accordance with***~~[under]~~ KRS 15.380 to 15.404.

(5) Before entering upon official duties, each county administrator shall take the oath prescribed in Section 228 of the Constitution.

➔Section 3. KRS 241.170 is amended to read as follows:

(1) ***(a)*** The city administrator in each city of the first class or the administrator in a consolidated local government, and any investigators and clerks deemed necessary for the proper conduct of this office, shall be appointed by the mayor.

(b) The city administrator in each city of the first class or the administrator in a county containing a consolidated local government, and the administrator's investigators, shall have full police powers of peace officers***, except as provided in subsection (5) of this section***, and their jurisdiction shall be coextensive with boundaries of the city of the first class or the boundaries of the county in a county containing a consolidated local government.

(c) They may inspect any premises where alcoholic beverages are manufactured, sold, stored, or otherwise trafficked in, without first obtaining a search warrant.

(2) ***(a)*** The city administrator in each city, other than a consolidated local government, and any investigators and clerks deemed necessary for the proper conduct of this office shall be appointed by the city

manager if there is one. If there is no city manager, the city administrator and any investigators or clerks shall be appointed by the mayor.

(b) ***Except as provided under subsection (5) of this section,*** the jurisdiction of a city administrator appointed pursuant to this subsection shall be coextensive with the boundaries of the city, and the city administrator and the administrator's investigators shall have the same powers authorized under subsection (1) of this section.

(3) No person shall be an administrator, an investigator, or an employee of the city or a consolidated local government under the supervision of the administrator, who would be disqualified to be a member of the board under KRS 241.100.

(4) Before entering upon official duties, each city administrator shall take the oath prescribed in Section 228 of the Constitution. An appointed city alcoholic beverage control administrator shall immediately notify the department of qualification and appointment.

(5) ***(a)*** ***Except as provided in paragraph (b) of this subsection, an administrator or investigator appointed under this section shall not have the power to make arrests unless he or she is certified in accordance with KRS 15.380 to 15.404.***

(b) ***This subsection shall not apply to any individual serving as an administrator in a consolidated local government on the effective date of this Act.***

➔Section 4. KRS 241.230 is amended to read as follows:

(1) ***(a)*** The urban-county administrator in each urban-county government and any investigators and clerks deemed necessary for the proper conduct of the office, shall be appointed by the mayor.

(b) The urban-county administrator, and the urban-county administrator's investigators, shall have full police powers of peace officers***, except as provided in subsection (4) of this section***, and their jurisdiction shall be coextensive with the urban-county governments. They may inspect any premises where alcoholic beverages are manufactured, sold, stored, or otherwise trafficked in, without first obtaining a search warrant.

(2) No person shall be an urban-county administrator, an investigator, or an employee of the urban-county government under the supervision of the urban-county administrator, who would be disqualified to be a member of the board under KRS 241.100.

(3) Before entering upon official duties, each urban-county administrator shall take the oath prescribed in Section 228 of the Constitution. An appointed urban-county alcoholic beverage control administrator shall immediately notify the department of qualification and appointment.

(4) ***An urban-county administrator or investigator appointed under this section shall not have the power to make arrests unless he or she is certified in accordance with KRS 15.380 to 15.404.***

➔Section 5. KRS 244.290 is amended to read as follows:

(1) (a) A licensee authorized to sell distilled spirits or wine at retail shall be permitted to sell and deliver distilled spirits and wine during the hours the polls are open on any primary, or regular, local option, or special election day unless it is located where the legislative body of a city, urban-county government, consolidated local government, charter county government, unified local government, or the fiscal court of a county adopts an ordinance after June 25, 2013, that prohibits the sale of distilled spirits and wine or limits the hours and times in which distilled spirits and wine may be sold within its jurisdictional boundaries on any primary, or regular, local option, or special election day during the hours the polls are open.

(b) This subsection shall only apply in a wet or moist territory.

(c) Notwithstanding any other provision of the Kentucky Revised Statutes to the contrary, the fiscal court of a county shall not by ordinance or any other means:

1. Supersede, reverse, or modify any decision made pursuant to this subsection by the legislative body of a city within that county; or

2. Impose an action upon a city within that county when that city has taken no formal action pursuant to this subsection.

(2) In any county containing a city of the first class, or a city with a population equal to or greater than twenty thousand (20,000) based upon the most recent federal decennial census in which the sale of distilled spirits and wine by the drink is permitted under KRS Chapter 242, an election on the question of permitting the sale of distilled spirits and wine by the drink on Sunday may be held as provided in KRS Chapter 242.

(3) Except as permitted by KRS 243.050 and subsection (4) of this section, a licensee authorized to sell distilled spirits or wine at retail shall not sell or deliver distilled spirits and wine between midnight and 6 a.m. or at any time during the twenty-four (24) hours of a Sunday.

(4) ***(a)*** A licensee authorized to sell distilled spirits and wine at retail may sell and deliver distilled spirits and wine on Sunday and during the hours and times as permitted by local ordinance of the legislative body of a city, urban-county government, consolidated local government, charter county government, unified local government, or the county with local jurisdiction. These ordinances shall not prohibit the sale, gift, or delivery of distilled spirits or wine between 6 a.m. and 12 midnight any day, except Sunday.

(b) A licensee authorized to sell distilled spirits and wine by the drink at retail may sell distilled spirits and wine by the drink on Sunday and during the times and hours as permitted by a local ordinance of the legislative body of an urban-county government, consolidated local government, charter county government, unified local government, city, or county with local jurisdiction. The ordinance shall not prohibit the sale or gift of distilled spirits and wine by the drink between 6 a.m. and midnight during any day, except Sunday.

(5) In any territory containing a licensed small farm winery that is permitted to sell alcoholic beverages under KRS Chapter 242, the sale of alcoholic beverages at the small farm winery on Sunday may be permitted if:

(a) The legislative body of the local government having jurisdiction approves by local ordinance the sale of alcoholic beverages on Sunday in strict accordance with the sales permitted by KRS 243.155 on the licensed premises of a small farm winery during the hours and times as permitted in the local ordinance; or

(b) A limited sale precinct election on the issue of Sunday sales is approved after meeting the requirements of KRS 242.1241.

(6) In any county containing a city of the first class or in any city located in that county in which the sale of distilled spirits and wine is permitted under KRS Chapter 242, the distilled spirits administrator may issue a license to holders of a quota retail drink license or a special private club license that permits the sale of distilled spirits and wine by the drink on Sunday from 1 p.m. until the prevailing time for that locality.

➔Section 6. KRS 244.480 is amended to read as follows:

(1) Except as permitted by subsection (4) of this section, no brewer or distributor shall deliver any malt beverages on Sunday or between the hours of midnight and 6 a.m. on any other day.

(2) Except as permitted by subsection (4) of this section, a licensee authorized to sell malt beverages at retail shall not sell, give away, or deliver any malt beverages between midnight and 6 a.m. or at any time during the twenty-four (24) hours of a Sunday.

(3) (a) A licensee authorized to sell malt beverages at retail may sell malt beverages during the hours the polls are open on a primary, or regular, local option, or special election day unless the licensee is located where the legislative body of an urban-county government, consolidated local government, charter county government, unified local government, city, or county, in which traffic in malt beverages is permitted by KRS Chapter 242 has adopted an ordinance after June 25, 2013, that prohibits the sale of alcoholic beverages or limits the hours and times in which alcoholic beverages may be sold within its jurisdictional boundaries on any primary, or regular, local option, or special election day.

(b) This subsection shall only apply in a wet or moist territory.

(c) Notwithstanding any other provisions of the Kentucky Revised Statutes to the contrary, the fiscal court of a county shall not by ordinance or any other means:

1. Supersede, reverse, or modify any decision made pursuant to this subsection by the legislative body of a city within that county; or

2. Impose an action upon a city within that county when that city has taken no formal action pursuant to this subsection.

(4) ***(a)*** A licensee may sell or deliver malt beverages on Sunday and during the times and hours as permitted by a local ordinance of the legislative body of an urban-county government, consolidated local government, charter county government, unified local government, city, or county with local jurisdiction. The ordinance shall not prohibit the sale, gift, or delivery of any malt beverages between 6 a.m. and midnight during any day, except Sunday.

(b) A licensee authorized to sell malt beverages by the drink at retail may sell malt beverages by the drink on Sunday and during the times and hours as permitted by a local ordinance of the legislative body of an urban-county government, consolidated local government, charter county government, unified local government, city, or county with local jurisdiction. The ordinance shall not prohibit the sale or gift of any malt beverages by the drink between 6 a.m. and midnight during any day, except Sunday.

Signed by Governor April 1, 2025.

CHAPTER 144

(HB 441)

AN ACT relating to reemployment after retirement in the Teachers' Retirement System.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 161.605 is amended to read as follows:

Any member retired by reason of service may return to work in a position covered by the Kentucky Teachers' Retirement System and continue to receive his or her retirement allowance under the following conditions:

(1) Any member who is retired with thirty (30) or more years of service may return to work in a full-time or a part-time position, or in a position providing substitute teaching service, covered by the Teachers' Retirement System and earn up to a maximum of seventy-five percent (75%) of the member's last annual compensation measured on a daily rate to be determined by the board of trustees. For purposes of determining whether the salary of a member returning to work is seventy-five percent (75%) or less of the member's last annual compensation, all remuneration paid and benefits provided to the member, on an actual dollar or fair market value basis as determined by the retirement system, excluding employer-provided medical insurance required under subsection ***(4)***~~[(5)]~~ of this section, shall be considered. Members who were retired on or before June 30, 2002, shall be entitled to return to work under the provisions of this section as if they had retired with thirty (30) years of service. Nonqualified service credit purchased under the provisions of KRS 161.5465 or elsewhere with any state-administered retirement system shall not be used to meet the thirty (30) year requirement set forth in this subsection. Out-of state teaching service provided in public schools for kindergarten through grade twelve (12) may count toward the thirty (30) year requirement set forth in this subsection even if it is not purchased as service credit, if the member obtains from his or her out-of-state employer certification of this service on forms prescribed by the retirement system;

(2) Any member who is retired with less than thirty (30) years of service after June 30, 2002, may return to work in a full-time or part-time position, or in a position providing substitute teaching service, covered by the Teachers' Retirement System and earn up to a maximum of sixty-five percent (65%) of the member's last annual compensation measured on a daily rate to be determined by the board of trustees. For purposes of determining whether the salary of a member returning to work is sixty-five percent (65%) or less of the member's last annual compensation, all remuneration paid and benefits provided to the member, on an actual dollar or fair market value basis as determined by the retirement system, excluding employer-provided medical insurance required under subsection ***(4)***~~[(5)]~~ of this section, shall be considered;

(3) ~~[Reemployment of a retired member under subsection (1) or (2) of this section in a full-time teaching or nonteaching position in a local school district shall be permitted only if the employer certifies to the Kentucky Teachers' Retirement System that there are no other qualified applicants available to fill the teaching or nonteaching position. The employer may use any source considered reliable, including but not limited to data provided by the Education Professional Standards Board and the Department of Education, to determine whether other qualified applicants are available to fill the teaching or nonteaching position. The Kentucky Board of Education shall promulgate administrative regulations to establish procedures to determine whether other qualified applicants are available to fill a teaching or nonteaching position and, if not, for filling the~~

~~position with a retired member who will then be permitted to return to work in that position under subsection (1) or (2) of this section. The administrative regulations shall ensure that a retired member shall not be hired in a teaching or nonteaching position by a local school district until the superintendent of the school district assures the Kentucky Teachers' Retirement System that every reasonable effort has been made to recruit other qualified applicants for the position on an annual basis;~~

~~(4) ~~]Under this section, an employer may employ full-time a number of retired members not to exceed ***ten***~~[three]~~ percent ***(10%)***~~[(3%)]~~ of the membership actively employed full-time by that employer. The board of trustees may reduce this ***ten***~~[three]~~ percent ***(10%)***~~[(3%)]~~ cap upon recommendation of the retirement system's actuary if a reduction is necessary to maintain the actuarial soundness of the retirement system. The board of trustees may increase the ***ten***~~[three]~~ percent ***(10%)***~~[(3%)]~~ cap upon a determination that an increase is warranted to help address a shortage in the number of available teachers and upon the determination of the retirement system's actuary that the proposed cap increase allows the actuarial soundness of the retirement system to be maintained. For purposes of this subsection, "full-time" means the same as defined by KRS 161.220(21). A local school district may exceed the quota established by this subsection by making an annual written request to the Kentucky Department of Education which the department may approve on a year-by-year basis~~[if the statewide quota has not been met. A district's written request to exceed its quota shall be submitted no sooner than two (2) weeks after the start of the school year]~~;

(4)~~[(5)]~~ (a) Except as provided by subsection ***(9)***~~[(10)]~~ of this section, a member returning to work in a full-time or part-time position, or in a position providing substitute teaching service, under subsection (1) or (2) of this section shall contribute to an account with the retirement system that shall be administered independently from and with no reciprocal impact with the member's original retirement account, or any other account from which the member is eligible to draw a retirement allowance.

(b) Except as provided by subsection ***(9)***~~[(10)]~~ of this section, a member returning to work under subsection (1) or (2) of this section shall make contributions to the retirement system at the rate provided under KRS 161.540. The new account shall independently meet all vesting requirements as well as all other conditions set forth in KRS 161.600(1) or (2), as applicable, before any retirement allowance is payable from this account. The retirement allowance accruing under this new account shall be calculated pursuant to KRS 161.620. This new account shall not entitle the member to a duplication of the benefits offered under KRS 161.620(7) or 161.675, nor shall this new account provide the benefits offered by KRS 161.520, 161.525, 161.620(3), 161.655, 161.661, or 161.663.

(c) A member returning to work under subsection (1) or (2) of this section shall waive his or her medical insurance with the Teachers' Retirement System during the period of reemployment and shall receive the medical insurance coverage that is generally provided by the member's active employer to the other members of the retirement system that the active employer employs. If medical insurance coverage is not available from the employer, the Kentucky Teachers' Retirement System may provide coverage for the member.

(d) A member returning to work under subsection (1) or (2) of this section shall not be eligible to purchase service credit for any service provided after the member's effective date of retirement but prior to the date that the member returns to work. A member returning to work under subsection (1) or (2) of this section shall not be eligible to purchase service credit that the member would have otherwise been eligible to purchase prior to the member's initial retirement.

(e) A member who returns to work under subsection (1) or (2) of this section, or in the event of the death of the member, the member's estate or applicably designated beneficiary, shall be entitled, within ninety (90) days of the posting of the annual report submitted by the employer, to a refund of contributions as permitted and limited by KRS 161.470;

(5)~~[(6)]~~ The board of trustees may annually, on July 1, adjust the current daily rate of a member's last annual compensation, for each full twelve (12) month period that has elapsed subsequent to the member earning his or her last annual compensation, by the percentage increase in the annual average of the consumer price index for all urban consumers for the calendar year preceding the adjustment as published by the Federal Bureau of Labor Statistics, not to exceed five percent (5%) annually. Each annual adjustment shall become part of the member's daily rate base. Failure to comply with the salary limitations set forth in subsections (1) and (2) of this section as may be adjusted by this subsection shall result in a reduction of the member's retirement allowance or any other benefit to which the member would otherwise be entitled on a dollar-for-dollar basis for each dollar that the member exceeds these salary limitations, and the member shall be refunded his or her retirement contributions made on the compensation that exceeds these salary limitations. Notwithstanding any other provision of law to the contrary, a member retiring from a local school district who returns to work for a

local school district under subsection (1) or (2) of this section shall be entitled, without any reduction to his or her retirement allowance or any other retirement benefit, to earn a minimum amount equal to one hundred seventy dollars ($170) per day;

(6)~~[(7)]~~ (a) A retired member returning to work under subsection (1) or (2) of this section shall have separated from service for a period of at least one (1) year if returning to work for the same employer on a full-time basis, and at least three (3) months if returning to work for a different employer on a full-time basis. A retired member returning to work under subsection (1) or (2) of this section on a part-time basis shall have separated from service for a period of at least three (3) months before returning to work for any employer.

(b) As an alternative to the separation-from-service requirements in paragraph (a) of this subsection, a retired member who is returning to work for the same employer in a full-time position under subsections (1) and (2) of this section may elect a separation-from-service of not less than two (2) months followed by a forfeiture of the retired member's retirement allowance on a month-to-month basis for each month that the member has separated from service for less than twelve (12) full months. A retired member returning to work for the same employer in a part-time position, or for a different employer in a full-time position, may elect an alternative separation-from-service requirement of at least two (2) months followed by a forfeiture of the member's retirement allowance for one (1) month. During the period that the member forfeits his or her retirement allowance and thereafter, member and employer contributions shall be made to the retirement system as a result of employment in any position subject to membership in the retirement system. The member shall contribute to an account with the retirement system subject to the conditions set forth in subsection ***(4)***~~[(5)]~~ of this section.

(c) A retired member who is returning to work for an employer that has employees who participate in the Teachers' Retirement System shall comply with the separation-from-service requirements in this subsection before performing any service for the employer, regardless of whether the retired member is providing service in a position covered by the Teachers' Retirement System.

(d) The starting date for any separation from service required under this subsection shall be the effective date of the member's retirement.

(e) The separation-from-service requirements of this subsection are not met if there is a prearranged agreement between the member and an employer that has employees who participate in the Teachers' Retirement System prior to retirement for the member to work for the employer after retirement.

(f) The Teachers' Retirement System may require the member and the employer for which the member is returning to work to certify in writing on a form prescribed by the Teachers' Retirement System that no prearranged agreement was or will be entered into between the member and employer prior to retirement for the member to work for the employer after retirement.

(g) Failure to comply with the separation-from-service requirements in this subsection voids a member's retirement and the member shall be required to return all the retirement benefits he or she received, with interest, for the period of time that the member returned to work without a sufficient separation from service;

(7)~~[(8)]~~ (a) Effective July 1, 2004, local school districts may employ retired members in full-time or part-time teaching or administrative positions ***in critical shortage areas*** without limitation on the compensation of the retired members that is otherwise required by subsections (1) and (2) of this section.~~[Under provisions of this subsection, a local school district may only employ retired members to fill critical shortage positions for which there are no other qualified applicants as determined by the local superintendent.]~~ The number of retired members that a local school district may employ under this subsection shall be no more than ***four (4)***~~[two (2)]~~ members per local school district or ***ten***~~[one]~~ percent ***(10%)***~~[(1%)]~~ of the total active members employed by the local school district on a full-time basis as defined under KRS 161.220(21), whichever number is greater. Retired members returning to work under this subsection shall be subject to the separation-from-service requirements set forth in subsection ***(6)***~~[(7)]~~ of this section. Retired members returning to work under this subsection shall waive their medical insurance coverage with the retirement system during their period of reemployment and receive medical insurance coverage that is offered to other full-time members employed by the local school district. Retired members returning to work under this subsection shall contribute to an account subject to the conditions set forth in subsection ***(4)***~~[(5)]~~ of this section. Retired members returning to work under this subsection shall make contributions to the retirement system at the rate provided under KRS 161.540. The employer shall make contributions at the rate provided under KRS 161.550. Local school

districts shall make annual payments to the retirement system on the compensation paid to the reemployed retirees at the rates determined by the retirement system's actuary that reflect any accrued liability resulting from the reemployment of these members.

(b) The Department of Education may employ retired members in full-time or part-time teaching or nonteaching positions without the limitations on compensation otherwise required by subsections (1) and (2) of this section to fill critical shortage areas in the schools it operates, including the Kentucky School for the Blind~~[,]~~ ***and*** the Kentucky School for the Deaf,~~[and the Kentucky Virtual High School,]~~ and to serve on audit teams. The department shall be subject to the same requirements as local school districts as provided in paragraph (a) of this subsection, except the Teachers' Retirement System shall determine the maximum number of employees that may be employed under this paragraph;

(8)~~[(9)]~~ The return-to-work limitations set forth in this section shall apply to retired members who are returning to work in the same position from which they retired, or a position substantially similar to the one from which they retired, or a position described in KRS 161.046 or any position listed in KRS 161.220(4) which requires membership in the retirement system. Positions which generally require certification or graduation from a four (4) year college or university as a condition of employment which are created, or changed to remove the position from coverage under KRS 161.220(4) are also subject to the return to work limitations set forth in this section. The board of trustees shall determine whether employment in a nonteaching position is subject to this subsection;

(9)~~[(10)]~~ (a) Notwithstanding the provisions of this section, individuals who become members on or after January 1, 2022, who subsequently retire and begin drawing a monthly lifetime retirement allowance from the Teachers' Retirement System, who following retirement are reemployed with an employer participating in the Teachers' Retirement System, shall not be eligible to contribute to or earn benefits in a second retirement account in the Teachers' Retirement System during the period of reemployment.

(b) The provisions of subsections (1) to ***(7)***~~[(8)]~~ of this section are not subject to KRS 161.714;~~[~~

~~(11) Any member retired by reason of service may waive his or her annuity and return to full-time employment in a position covered by the Teachers' Retirement System under the following conditions:~~

~~(a) The member shall receive no annuity payments while employed in a covered position, shall waive his or her medical insurance coverage with the Teachers' Retirement System during the period of reemployment, and shall receive the medical insurance coverage that is generally offered by the member's active employer to the other members of the retirement system employed by the active employer. The member's estate or, if there is a beneficiary applicably designated by the member, then the beneficiary, shall continue to be eligible for life insurance benefits as provided in KRS 161.655. Service subsequent to retirement shall not be used to improve an annuity, except as provided in paragraphs (b) and (c) of this subsection;~~

~~(b) Any member who waives regular annuity benefits and returns to teaching or covered employment shall be entitled to make contributions on the salaries received for this service and have his or her retirement annuity recalculated as provided in the regular retirement formula in KRS 161.620(1), less any applicable actuarial discount applied to the original retirement allowance due to the election of a joint and last survivor option. Retirement option and beneficiary designation on original retirement shall not be altered by postretirement employment, and dependents and spouses of the members shall not become eligible for benefits under KRS 161.520, 161.525, or 161.661 because of postretirement employment;~~

~~(c) When a member returns to full-time teaching or covered employment as provided in subsection (b) of this section, the employer is required to withhold and remit regular retirement contributions. The member must be employed full-time for at least one (1) consecutive contract year to be eligible to improve an annuity. The member shall be returned to the annuity rolls on July 1 following completion of the contract year or on the first day of the month following the month of termination of service if full-time employment exceeds one (1) consecutive contract year. A member shall not be returned to the annuity rolls until after he or she has filed a retirement application in compliance with KRS 161.600(6). Any discounts applied at the time of the original retirement due to service or age may be reduced or eliminated due to additional employment if full-time employment is for one (1) consecutive contract year or longer; and~~

~~(d) A member retired by reason of service who has been employed the equivalent of twenty-five (25) days or more during a school year under KRS 161.605 may waive the member's retirement annuity and~~

~~return to regular employment covered by the Teachers' Retirement System during that school year a maximum of one (1) time during any five (5) year period, beginning with that school year;]~~

(10) ~~[(12)]~~ Retired members may be employed in a part-time teaching capacity by an agency described in KRS 161.220(4)(b) or (n), not to exceed the equivalent of twelve (12) teaching hours in any one (1) fiscal year. Retired members may be employed for a period not to exceed the equivalent of one hundred (100) days in any one (1) fiscal year in a part-time administrative or nonteaching capacity by an agency described in KRS 161.220(4)(b) or (n) in a position that would otherwise be covered by the retirement system. Except as otherwise provided by this subsection, the return to work provisions set forth in subsections (1) to ***(7)*** ~~[(8)]~~ of this section shall not apply to retired members who return to work solely for an agency described in KRS 161.220(4)(b) or (n). Calculation of the number of days and teaching hours for part-time teaching, substitute teaching, or part-time employment in a nonteaching capacity under this section shall not exceed the ratio between a school year and the actual months of retirement for the member during that school year. The board of trustees by administrative regulation may establish fractional equivalents of a day of teaching service. Any member who exceeds the twelve (12) hour or one hundred (100) day limitations of this subsection shall be subject to having his or her retirement voided and be required to return all retirement allowances and other benefits paid to the member or on the member's behalf since the effective date of retirement. In lieu of voiding a member's retirement, the system may reduce the member's retirement allowance or any other benefit to which the member would otherwise be entitled on a dollar-for-dollar basis for each dollar of compensation that the member earns in employment exceeding twelve (12) hours, one hundred (100) days, or any apportionment of the two (2) combined. Retired members returning to work for an employer described in KRS 161.220(4)(b) or (n) shall comply with the separation-from-service requirements of subsection ***(6)*** ~~[(7)]~~ of this section;

(11) ~~[(13)]~~ When a retired member returns to employment in a part-time teaching capacity or in a nonteaching capacity as provided in subsection ***(10)*** ~~[(12)]~~ of this section, the employer shall contribute annually to the retirement system on the compensation paid to the retired member at rates determined by the retirement system actuary that reflect accrued liability for retired members who return to work under subsection ***(10)*** ~~[(12)]~~ of this section; and

(12) ~~[(14)]~~ For retired members who return to work during any one (1) fiscal year in both a position described in KRS 161.220(4)(b) or (n) and in a position described under another provision under KRS 161.220(4), and for retired members who return to work in a position described under KRS 161.220(4)(b) or (n) in both a teaching and an administrative or nonteaching capacity, the board of trustees shall adopt a methodology for a pro rata apportionment of days and hours that the retired member may work in each position.

(13) Notwithstanding any other provision of KRS 161.220 to 161.716 to the contrary, an annuitant who has returned to work following retirement with an employer that does not participate in the state-administered retirement systems shall not be required to take health insurance coverage through the employer and the system shall continue to provide health insurance coverage and benefits to the annuitant during the period of employment, except as may be required by the Medicare Secondary Payer Act under 42 U.S.C. sec. 1395y(b).

➔Section 2. KRS 156.106 is amended to read as follows:

(1) For purposes of this section and KRS 161.605, "critical shortage area" means a lack of certified teachers in particular subject areas, in grade levels, or in geographic locations at the elementary and secondary level, as determined annually by the commissioner of education. The commissioner may use any source considered reliable including, but not limited to, data provided by the Education Professional Standards Board and local education agencies to identify the critical shortage areas.

(2) ***(a)*** The Kentucky Board of Education shall promulgate administrative regulations to establish procedures to be used to appoint retired teachers and administrators to positions in critical shortage areas under this section and KRS 161.605.~~[The administrative regulations shall assure that:~~

~~(a) A retired teacher or administrator shall not be hired until the superintendent assures that he or she has made every reasonable effort to recruit an active teacher or administrator for the position on an annual basis; and]~~

(b) A retired teacher or administrator ***appointed to a position in a critical shortage area*** shall be paid, at a minimum, a salary at Rank II with ten (10) years of experience based on a single salary schedule adopted by the district.

(c) The commissioner of education shall report members reemployed under this section to the Kentucky Teachers' Retirement System.~~[~~

~~(3) The Kentucky Board of Education shall promulgate administrative regulations to establish procedures to be used to appoint retired teachers and administrators to positions in critical shortage areas under this section and KRS 161.605. The administrative regulations shall assure that a retired teacher or administrator shall not be hired until the superintendent assures the commissioner of education that the superintendent has made every reasonable effort to recruit an active teacher or administrator for the position on an annual basis. The commissioner of education shall report members reemployed under this section to the Kentucky Teachers' Retirement System.~~]

(3)[~~(4)~~] If a local school district needs a person to fill a critical shortage position after reaching its quota established under KRS 161.605, the commissioner of education with the approval of the executive director of the Kentucky Teachers' Retirement System may allow the district to exceed its quota if the statewide quota has not been met.

➔Section 3. Notwithstanding the amendments made to subsection (11) of Section 1 of this Act, retired members participating in the retirement waiver program established by KRS 161.605(11) prior to the effective date of this Act may continue to participate in the program.

Signed by Governor April 1, 2025.

CHAPTER 145

(HB 48)

AN ACT relating to education.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 156.557 is amended to read as follows:

(1) As used in this section:

(a) "Formative evaluation" means a continuous cycle of collecting evaluation information and providing feedback with suggestions regarding the certified employee's professional growth and performance; and

(b) "Summative evaluation" means the summary of, and conclusions from, the evaluation data, including formative evaluation data that:

1. Occur at the end of an evaluation cycle; and

2. Include a conference between the evaluator and the evaluated certified employee and a written evaluation report.

(2) The Kentucky Department of Education, in consultation with the Kentucky teacher and principal steering committees and other groups deemed appropriate by the commissioner of education, shall develop a statewide framework for teaching that shall promote the continuous professional growth and development of skills needed to be a highly effective teacher or a highly effective administrator in a school or district.

(3) Each district shall develop and implement a personnel evaluation system aligned with the statewide framework for teaching established in subsection (2) of this section that shall:

(a) Use multiple measures of effectiveness;

(b) Include both formative and summative evaluation components;

(c) Measure professional effectiveness;

(d) Support professional growth;

(e) Have at least four (4) performance levels;

(f) Be used to inform personnel decisions;

(g) Be considerate of the time requirements of evaluators at the local level and shall not require that all certified school personnel have a formal summative evaluation each year; and

(h) Rate teachers or administrators by multiple measures instead of a single measure.

(4) The performance criteria by which teachers and administrators shall be evaluated shall include but not be limited to:

(a) Performance of professional responsibilities related to his or her assignment, including attendance and punctuality and evaluating results;

(b) Demonstration of effective planning of curricula, classroom instruction, and classroom management, based on research-based instructional practices, or school management skills based on validated managerial practices;

(c) Demonstration of knowledge and understanding of subject matter content or administrative functions and effective leadership techniques;

(d) Promotion and incorporation of instructional strategies or management techniques that are fair and respect diversity and individual differences;

(e) Demonstration of effective interpersonal, communication, and collaboration skills among peers, students, parents, and others;

(f) Performance of duties consistent with the goals for Kentucky students and mission of the school, the local community, laws, and administrative regulations;

(g) Demonstration of the effective use of resources, including technology;

(h) Demonstration of professional growth;

(i) Adherence to the professional code of ethics; and

(j) Attainment of the teacher standards or the administrator standards as established by the Education Professional Standards Board that are not referenced in paragraphs (a) to (i) of this subsection.

(5) The following provisions shall apply to each school district's personnel evaluation system:

(a) Certified school personnel, below the level of superintendent, shall be evaluated;

(b) The evaluation system shall include formative evaluation and summative evaluation components; and

(c) The Kentucky Board of Education shall adopt administrative regulations incorporating written guidelines for a local school district to follow in implementing the personnel evaluation system and shall require the following:

1. All evaluations of certified school personnel below the level of the district superintendent shall be in writing on evaluation forms and under evaluation procedures developed by a committee composed of an equal number of teachers and administrators;

2. The immediate supervisor of the certified school personnel member shall be designated as the primary evaluator. At the request of a teacher, observations by other teachers trained in the teacher's content area or curriculum content specialists may be incorporated into the formative process for evaluating teachers;

3. All monitoring or observation of performance of a certified school personnel member shall be conducted openly and with full knowledge of the personnel member;

4. Evaluators shall be trained, tested, and approved in accordance with administrative regulations adopted by the Kentucky Board of Education in the proper techniques for effectively evaluating certified school personnel. Evaluators shall receive support and resources necessary to ensure consistent and reliable ratings;

5. The personnel evaluation system shall include a plan whereby the person evaluated is given assistance for professional growth as a teacher or administrator. The system shall also specify the processes to be used when corrective actions are necessary in relation to the performance of one's assignment;

6. The system shall require annual summative evaluations for each teacher or other professional who has not attained continuing service status under KRS 161.740 or continuing status under KRS 156.800(7). The system shall require summative evaluations ~~[at least]~~once every ***five (5)***~~[three (3)]~~ years for a teacher or other professional who has attained continuing service status under KRS 161.740 or continuing status under KRS 156.800(7), principals, assistant principals, and other certified administrators***. Additional summative evaluations may be performed at the***

discretion of the immediate supervisor of a teacher or other professional based upon a case-by-case analysis of the performance criteria set forth in subsection (4) of this section but shall not be imposed as a uniform requirement across the system; and

7. The training requirement for evaluators contained in subparagraph 4. of this paragraph shall not apply to district board of education members.

(6) (a) Each superintendent shall be evaluated according to a policy and procedures developed by the local board of education and approved by the department.

(b) The summative evaluation of the superintendent shall be in writing, discussed and adopted in an open meeting of the board and reflected in the minutes, and made available to the public upon request.

(c) Any preliminary discussions relating to the evaluation of the superintendent by the board or between the board and the superintendent prior to the summative evaluation shall be conducted in closed session.

(7) The Kentucky Board of Education shall establish an appeals procedure for certified school personnel who believe that the local school district failed to properly implement the evaluation system. The appeals procedure shall not involve requests from individual certified school personnel members for review of the judgmental conclusions of their personnel evaluations.

(8) The local board of education shall establish an evaluation appeals panel for certified school personnel that shall consist of two (2) members elected by the certified employees of the local district and one (1) member appointed by the board of education who is a certified employee of the local board of education. Certified school personnel who think they were not fairly evaluated may submit an appeal to the panel for a timely review of their evaluation.

(9) The Kentucky Department of Education may annually provide for on-site visits by trained personnel to review and ensure appropriate implementation of the evaluation system by the local school district. The department shall provide technical assistance to local districts to eliminate deficiencies and to improve the effectiveness of the evaluation system.

(10) The disclosure, pursuant to KRS Chapter 61, of any data or information, including student growth data, that local school districts or the ***Kentucky*** Department of Education collect on individual classroom teachers under this section is prohibited.

(11) The results of evaluations conducted under this section shall not be included in the accountability system described in KRS 158.6455 and no reporting requirements related to these results shall be imposed upon the local school districts by the ***Kentucky*** Department of Education.

➔Section 2. KRS 158.060 is amended to read as follows:

(1) ***Each teacher shall be provided access to a copy of his or her employment contract upon request.***

(2) Twenty (20) school days, or days in which teachers are actually employed in the schoolroom, shall constitute a school month in the common schools.

(3)~~[(2)]~~ Each full-time teacher shall be provided with a duty-free lunch period each day during the regularly scheduled student lunch period. The duty-free lunch period shall be not less than the length of the lunch period specified in the school calendar approved by the chief state school officer. A full-time teacher may be assigned to lunch room duty during the regularly scheduled student lunch period only for an amount of time equal to the noninstructional time in excess of fifty-five (55) minutes included in the teacher's daily schedule. The calculation of noninstructional time shall not include the teacher's duty-free lunch period, the time teachers are required to be at school prior to the start of the student's instructional day, or the time teachers are required to remain at school after the students are dismissed.

(4)~~[(3)]~~ Except for children with disabilities and children attending the primary school program who may attend a program of less than six (6) hours per day under policy adopted by the local school district board of education and approved by the commissioner of education and children attending a school district where the local board has approved a schedule that provides at least the equivalent of six (6) hours of daily instruction during the school year, a minimum of six (6) hours of actual school work shall constitute a school day. Kindergarten programs may be operated for less than six (6) hours without state board approval. The Kentucky Board of Education, upon recommendation of the chief state school officer, shall develop and approve regulations governing make up by school districts of whole days missed due to emergencies, or partial days missed as a result of shortening regularly scheduled school days due to emergencies.

(5)~~[(4)]~~ Teachers shall be provided additional time for nonteaching activities. The nonteaching time shall be used to provide teachers opportunities for professional development activities as provided in KRS 156.095, instructional planning, school-based decision making as provided in KRS 160.345, curriculum development, and outreach activities involving their students' families and the community.

(6)~~[(5)]~~ Character education programs and activities shall be considered valuable and legitimate components of the actual school work constituting a school day under subsection ***(4)***~~[(3)]~~ of this section.

➔Section 3. KRS 156.095 is amended to read as follows:

(1) ***(a)*** The Kentucky Department of Education shall establish, direct, and maintain a statewide program of professional development to improve instruction in the public schools.

(b) By August 1, 2025, the department shall create a four (4) year recurring professional development training schedule that includes all professional development for certified personnel required by subsection (2) of this section and federal law.

(c) Each local school district shall implement the professional development training schedule created by the department.

(2) All certified school district employees and public charter school employees shall complete at least one (1) hour of each of the following trainings within twelve (12) months of initial hire and at least once every four (4) years thereafter:

(a) How to respond to an active shooter situation training prepared by the Department of Criminal Justice Training in collaboration with the department, the Kentucky Law Enforcement Council, and the Center for School Safety;

(b) Child abuse and neglect prevention, recognition, and reporting training from the list of trainings approved by the department in accordance with subsection (7) of this section;

(c) 1. High-quality, evidence-based suicide prevention training, including risk factors, warning signs, protective factors, response procedures, referral, postvention, and the recognition of signs and symptoms of possible mental illness.

2. As used in this paragraph, "postvention" means a series of planned supports and interventions with persons affected by a suicide for the purpose of facilitating the grieving or adjustment process, stabilizing the environment, reducing the risk of negative behaviors, and limiting the risk of further suicides through contagion; and

(d) Self-study review of seizure disorder materials.

(3) (a) ~~[(2)]~~ Each local school district superintendent shall appoint a certified school employee to fulfill the role and responsibilities of a professional development coordinator who shall disseminate professional development information to schools and personnel. Upon request by a school council or any employees of the district, the coordinator shall provide technical assistance to the council or the personnel that may include assisting with needs assessments, analyzing school data, planning and evaluation assistance, organizing districtwide programs requested by school councils or groups of teachers, or other coordination activities.

(b) ~~[(a)]~~ The manner of appointment, qualifications, and other duties of the professional development coordinator shall be established by ***the local board of education*** ~~[Kentucky Board of Education through promulgation of administrative regulations]~~.

(c) ~~[(b)]~~ The local district professional development coordinator ***may*** ~~[shall]~~ participate in the Kentucky Department of Education annual training program for local school district professional development coordinators. The training program may include, but not be limited to, the demonstration of various approaches to needs assessment and planning; strategies for implementing long-term, school-based professional development; strategies for strengthening teachers' roles in the planning, development, and evaluation of professional development; and demonstrations of model professional development programs. The training shall include information about teacher learning opportunities relating to the core content standards. The ***department*** ~~[Kentucky Department of Education]~~ shall regularly collect and distribute this information.

(4) ~~[(3)]~~ The ***department*** ~~[Kentucky Department of Education]~~ shall provide or facilitate optional, professional development programs for certified personnel throughout the Commonwealth that are based on the statewide

needs of teachers, administrators, and other education personnel. Programs may include classified staff and parents when appropriate. Programs offered or facilitated by the department shall be at locations and times convenient to local school personnel and shall be made accessible through the use of technology when appropriate. They shall include programs that: address the goals for Kentucky schools as stated in KRS 158.6451, including reducing the achievement gaps as determined by an equity analysis of the disaggregated student performance data from the state assessment program developed under KRS 158.6453; engage educators in effective learning processes and foster collegiality and collaboration; and provide support for staff to incorporate newly acquired skills into their work through practicing the skills, gathering information about the results, and reflecting on their efforts. Professional development programs shall be made available to teachers based on their needs which shall include but not be limited to the following areas:

(a) Strategies to reduce the achievement gaps among various groups of students and to provide continuous progress;

(b) Curriculum content and methods of instruction for each content area, including differentiated instruction;

(c) School-based decision making;

(d) Assessment literacy;

(e) Integration of performance-based student assessment into daily classroom instruction;

(f) Nongraded primary programs;

(g) Research-based instructional practices;

(h) Instructional uses of technology;

(i) Curriculum design to serve the needs of students with diverse learning styles and skills and of students of diverse cultures;

(j) Instruction in reading, including phonics, phonemic awareness, comprehension, fluency, and vocabulary;

(k) Educational leadership; and

(l) Strategies to incorporate character education throughout the curriculum.

(5) ~~[(4)]~~ The department shall assist school personnel in assessing the impact of professional development on their instructional practices and student learning.

(6) ***(a)*** ~~[(5)]~~ ***Upon the request of a school district or school council,*** the department shall assist ~~[districts and school councils]~~with the development of long-term school and district improvement plans that include multiple strategies for professional development based on the assessment of needs at the school level.

(b) ~~[(a)]~~ Professional development strategies may include but are not limited to participation in subject matter academies, teacher networks, training institutes, workshops, seminars, and study groups; collegial planning; action research; mentoring programs; appropriate university courses; and other forms of professional development.

(c) ~~[(b)]~~ In planning the use of the four (4) days for professional development under KRS 158.070, school councils and districts shall give priority to programs that increase teachers' understanding of curriculum content and methods of instruction appropriate for each content area based on individual school plans. The district may use up to one (1) day to provide district-wide training and training that is mandated by state or federal law. Only those employees identified in the mandate or affected by the mandate shall be required to attend the training.

(d) ~~[(c)]~~ State funds allocated for professional development shall be used to support professional development initiatives that are consistent with local school improvement and professional development plans and teachers' individual growth plans. The funds may be used throughout the year for all staff, including classified and certified staff and parents on school councils or committees. A portion of the funds allocated to each school council under KRS 160.345 may be used to prepare or enhance the teachers' knowledge and teaching practices related to the content and subject matter that are required for their specific classroom assignments.

~~[(6) (a) The Kentucky Cabinet for Health and Family Services shall post on its web page evidence based suicide prevention awareness information, to include recognizing the warning signs of a suicide crisis.~~

~~The web page shall include information related to suicide prevention training opportunities offered by the cabinet or an agency recognized by the cabinet as a training provider.~~

~~(b) Every public school and public charter school shall provide two (2) evidence based suicide prevention awareness lessons each school year, the first by September 15 and the second by January 15, either in person, by live streaming, or via a video recording to all students in grades six (6) through twelve (12). Every public school shall provide an opportunity for any student absent on the day the evidence based suicide prevention awareness lesson was initially presented to receive the lesson at a later time. The information may be obtained from the Cabinet for Health and Family Services or from a commercially developed suicide prevention training program.~~

~~(c) 1. Each school year, a minimum of one (1) hour of high quality evidence based suicide prevention training, including risk factors, warning signs, protective factors, response procedures, referral, postvention, and the recognition of signs and symptoms of possible mental illness, shall be required for all school district employees with job duties requiring direct contact with students in grades four (4) through twelve (12). The training shall be provided either in person, by live streaming, or via a video recording and may be included in the four (4) days of professional development under KRS 158.070. As used in this subparagraph, "postvention" means a series of planned supports and interventions with persons affected by a suicide for the purpose of facilitating the grieving or adjustment process, stabilizing the environment, reducing the risk of negative behaviors, and limiting the risk of further suicides through contagion.~~

~~2. When a staff member subject to the training under subparagraph 1. of this paragraph is initially hired during a school year in which the training is not required, the local district shall provide suicide prevention materials to the staff member for review.~~

~~(d) The requirements of paragraphs (b) and (c) of this subsection shall apply to public charter schools as a health and safety requirement under KRS 160.1592(1).~~

~~(7) (a) By November 1 of each year, a minimum of one (1) hour of training on how to respond to an active shooter situation shall be required for all school district employees with job duties requiring direct contact with students. The training shall be provided either in person, by live streaming, or via a video recording prepared by the Kentucky Department of Criminal Justice Training in collaboration with the Kentucky Law Enforcement Council, the Kentucky Department of Education, and the Center for School Safety and may be included in the four (4) days of professional development under KRS 158.070.~~

~~(b) When a staff member subject to the training requirements of this subsection is initially hired after the training has been provided for the school year, the local district shall provide materials on how to respond to an active shooter situation.~~

~~(c) The requirements of this subsection shall also apply to public charter schools as a health and safety requirement under KRS 160.1592(1).~~

(7) ~~[(8)]~~ (a) The ***department*** ~~[Kentucky Department of Education]~~ shall develop and maintain a list of approved comprehensive evidence-informed trainings on child abuse and neglect prevention, recognition, and reporting that encompass child physical, sexual, and emotional abuse and neglect.

(b) The trainings shall be web-based or in-person and cover, at a minimum, the following topics:

1. Recognizing child physical, sexual, and emotional abuse and neglect;

2. Reporting suspected child abuse and neglect in Kentucky as required by KRS 620.030 and the appropriate documentation;

3. Responding to the child; and

4. Understanding the response of child protective services.

(c) The trainings shall include a questionnaire or other basic assessment tool upon completion to document basic knowledge of training components.

(d) Each local board of education shall adopt one (1) or more trainings from the list approved by the ***department*** ~~[Department of Education]~~ to be implemented by schools.~~[~~

~~(e) All school administrators, certified personnel, office staff, instructional assistants, and coaches and extracurricular sponsors who are employed by the school district shall complete the implemented training or trainings within ninety (90) days of being hired and then every two (2) years after.~~

~~(f) Every public school shall prominently display the statewide child abuse hotline number administered by the Cabinet for Health and Family Services, the National Human Trafficking Reporting Hotline number administered by the United States Department for Health and Human Services, and the Safe Haven Baby Boxes Crisis Line number administered by the Safe Haven Baby Boxes national organization or any equivalent successor entity.~~

~~(g) The requirements of this subsection shall also apply to public charter schools as a health and safety requirement under KRS 160.1592(1).~~]

(8) ~~[(9)]~~ The ***department*** ~~[Department of Education]~~ shall establish an electronic consumer bulletin board that posts information regarding professional development providers and programs as a service to school district central office personnel, school councils, teachers, and administrators. Participation on the electronic consumer bulletin board shall be voluntary for professional development providers or vendors, but shall include all programs sponsored by the department. Participants shall provide the following information: program title; name of provider or vendor; qualifications of the presenters or instructors; objectives of the program; program length; services provided, including follow-up support; costs for participation and costs of materials; names of previous users of the program, addresses, and telephone numbers; and arrangements required. Posting information on the bulletin board by the department shall not be viewed as an endorsement of the quality of any specific provider or program.

(9) ~~[(10)]~~ The ***department*** ~~[Department of Education]~~ shall provide ***voluntary*** training to address the characteristics and instructional needs of students at risk of school failure and most likely to drop out of school. The training shall be developed to meet the specific needs of all certified and classified personnel depending on their relationship with these students. The training for instructional personnel shall be designed to provide and enhance skills of personnel to:

(a) Identify at-risk students early in elementary schools as well as at-risk and potential dropouts in the middle and high schools;

(b) Plan specific instructional strategies to teach at-risk students;

(c) Improve the academic achievement of students at risk of school failure by providing individualized and extra instructional support to increase expectations for targeted students;

(d) Involve parents as partners in ways to help their children and to improve their children's academic progress; and

(e) Significantly reduce the dropout rate of all students.

(10) ~~[(11)]~~ The department shall establish teacher academies to the extent funding is available in cooperation with postsecondary education institutions for elementary, middle school, and high school faculty in core disciplines, utilizing facilities and faculty from universities and colleges, local school districts, and other appropriate agencies throughout the state. Priority for participation shall be given to those teachers who are teaching core discipline courses for which they do not have a major or minor or the equivalent. Participation of teachers shall be voluntary.

(11) ~~[(12)]~~ The department shall annually provide to the oversight council established in KRS 15A.063, the information received from local schools pursuant to KRS 158.449.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 158 IS CREATED TO READ AS FOLLOWS:

Every public school shall prominently display the statewide child abuse hotline number administered by the Cabinet for Health and Family Services, the National Human Trafficking Hotline number administered by the United States Department for Health and Human Services, and the Safe Haven Baby Boxes Crisis Line number administered by the Safe Haven Baby Boxes national organization or any equivalent successor entity. The requirements of this section shall also apply to public charter schools as a health and safety requirement under KRS 160.1592(1).

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 158 IS CREATED TO READ AS FOLLOWS:

(1) The Cabinet for Health and Family Services shall post on its website high-quality, evidence-based suicide prevention awareness information, which shall include information on recognizing the warning signs of a suicide crisis. The website shall include information related to suicide prevention training opportunities offered by the cabinet or an agency recognized by the cabinet as a training provider.

(2) Every public school and public charter school shall provide two (2) high quality, evidence-based suicide prevention awareness lessons each school year, the first by September 15 and the second by January 15, either in person, by live streaming, or via a video recording to all students in grades six (6) through twelve (12). Every public school shall provide an opportunity for any student absent on the day the high quality, evidence-based suicide prevention awareness lesson was initially presented to receive the lesson at a later time. The information may be obtained from the Cabinet for Health and Family Services or from a commercially developed suicide prevention training program.

➔Section 6. KRS 158.070 is amended to read as follows:

(1) As used in this section:

(a) "Election" has the same meaning as in KRS 121.015;

(b) "Minimum school term" or "school term" means not less than one hundred eighty-five (185) days composed of the student attendance days, teacher professional days, and holidays;

(c) "School calendar" means the document adopted by a local board of education that establishes the minimum school term, student instructional year or variable student instructional year, and days that school will not be in session;

(d) "School district calendar committee" means a committee that includes at least the following:

1. One (1) school district principal;

2. One (1) school district office administrator other than the superintendent;

3. One (1) member of the local board of education;

4. Two (2) parents of students attending a school in the district;

5. One (1) school district elementary school teacher;

6. One (1) school district middle or high school teacher;

7. Two (2) school district classified employees; and

8. Two (2) community members from the local chamber of commerce, business community, or tourism commission;

(e) "Student attendance day" means any day that students are scheduled to be at school to receive instruction, and encompasses the designated start and dismissal time;

(f) "Student instructional year" means at least one thousand sixty-two (1,062) hours of instructional time for students delivered on not less than one hundred seventy (170) student attendance days;

(g) "Teacher professional day" means any day teachers are required to report to work as determined by a local board of education, with or without the presence of students; and

(h) "Variable student instructional year" means at least one thousand sixty-two (1,062) hours of instructional time delivered on the number of student attendance days adopted by a local board of education which shall be considered proportionally equivalent to one hundred seventy (170) student attendance days and calendar days for the purposes of a student instructional year, employment contracts that are based on the school term, service credit under KRS 161.500, and funding under KRS 157.350.

(2) (a) The local board of education, upon recommendation of the local school district superintendent, shall annually appoint a school district calendar committee to review, develop, and recommend school calendar options.

(b) The school district calendar committee, after seeking feedback from school district employees, parents, and community members, shall recommend school calendar options to the local school district superintendent for presentation to the local board of education. The committee's recommendations shall comply with state laws and regulations and consider the economic impact of the school calendar on the community and the state.

(c) Prior to adopting a school calendar, the local board of education shall hear for discussion the school district calendar committee's recommendations and the recommendation of the superintendent at a meeting of the local board of education.

(d) During a subsequent meeting of the local board of education, the local board shall adopt a school calendar for the upcoming school year that establishes the opening and closing dates of the school term, beginning and ending dates of each school month, student attendance days, and days on which schools shall be dismissed. The local board may schedule days for breaks in the school calendar that shall not be counted as a part of the minimum school term.

(e) For local board of education meetings described in paragraphs (c) and (d) of this subsection, if the meeting is a regular meeting, notice shall be given to media outlets that have requests on file to be notified of special meetings stating the date of the regular meeting and that one (1) of the items to be considered in the regular meeting will be the school calendar. The notice shall be sent at least twenty-four (24) hours before the regular meeting. This requirement shall not be deemed to make any requirements or limitations relating to special meetings applicable to the regular meeting.

(f) A local school board of education that adopts a school calendar with the first student attendance day in the school term starting no earlier than the Monday closest to August 26 may use a variable student instructional year. Districts may set the length of individual student attendance days in a variable student instructional schedule, but no student attendance day shall contain more than seven (7) hours of instructional time unless the district submitted and received approval from the commissioner of education for an innovative alternative calendar.

(3) (a) Each local board of education shall use four (4) days of the minimum school term for professional development and collegial planning activities for the professional staff without the presence of students pursuant to the requirements of KRS 156.095. At the discretion of the superintendent, one (1) day of professional development may be used for district-wide activities and for training that is mandated by federal or state law. The use of three (3) days shall be planned by each school council, except that the district is encouraged to provide technical assistance and leadership to school councils to maximize existing resources and to encourage shared planning.

(b) ~~[At least one (1) hour of self-study review of seizure disorder materials shall be required for all principals, guidance counselors, and teachers hired after July 1, 2019.~~

~~(c)]~~1. A local board may approve a school's flexible professional development plan that permits teachers or other certified personnel within a school to participate in professional development activities outside the days scheduled in the school calendar or the regularly scheduled hours in the school work day and receive credit towards the four (4) day professional development requirement within the minimum one hundred eighty-five (185) days that a teacher shall be employed.

2. A flexible schedule option shall be reflected in the school's professional development component within the school improvement plan and approved by the local board. Credit for approved professional development activities may be accumulated in periods of time other than full day segments.

3. No teacher or administrator shall be permitted to count participation in a professional development activity under the flexible schedule option unless the activity is related to the teacher's classroom assignment and content area, or the administrator's job requirements, or is required by the school improvement plan, or is tied to the teacher's or the administrator's individual growth plan. The supervisor shall give prior approval and shall monitor compliance with the requirements of this paragraph. In the case of teachers, a professional development committee or the school council by council policy may be responsible for reviewing requests for approval.

(c) ~~[(d)]~~ The local board of each school district may use up to a maximum of four (4) days of the minimum school term for holidays; provided, however, any holiday which occurs on Saturday may be observed on the preceding Friday.

(d) ~~[(e)]~~ Each local board may use two (2) days for planning activities without the presence of students.

(e) ~~[(f)]~~ Each local board may close schools for the number of days deemed necessary for:

1. National or state emergency or mourning when proclaimed by the President of the United States or the Governor of the Commonwealth of Kentucky;

2. Local emergency which would endanger the health or safety of children; and

3. Mourning when so designated by the local board of education and approved by the Kentucky Board of Education upon recommendation of the commissioner of education.

(4) (a) The Kentucky Board of Education, upon recommendation of the commissioner of education, shall adopt administrative regulations governing the use of student attendance days as a result of a local emergency, as described in subsection (3)***(e)*** ~~[(f)]~~2. of this section, and regulations setting forth the guidelines and procedures to be observed for the approval of waivers from the requirements of a student instructional year in subsection (1)(f) of this section for districts that wish to adopt innovative instructional calendars, or for circumstances that would create extreme hardship.

(b) If a local board of education amends its school calendar after its adoption due to an emergency, it may lengthen or shorten any remaining student attendance days by thirty (30) minutes or more, as it deems necessary, provided the amended calendar complies with the requirements of a student instructional year in subsection (1)(f) of this section or a variable student instructional year in subsection (1)(h) of this section. No student attendance day shall contain more than seven (7) hours of instructional time unless the district submitted and received approval from the commissioner of education for an innovative alternative calendar.

(5) (a) 1. In setting the school calendar, school may be closed for two (2) consecutive days for the purpose of permitting professional school employees to attend statewide professional meetings.

2. These two (2) days for statewide professional meetings may be scheduled to begin with the first Thursday after Easter, or upon request of the statewide professional education association having the largest paid membership, the commissioner of education may designate alternate dates.

3. If schools are scheduled to operate during days designated for the statewide professional meeting, the school district shall permit employees who are delegates to attend as compensated professional leave time and shall employ substitute teachers in their absence.

4. The commissioner of education shall designate one (1) additional day during the school year when schools may be closed to permit professional school employees to participate in regional or district professional meetings.

5. These three (3) days so designated for attendance at professional meetings may be counted as a part of the minimum school term.

(b) 1. If any school in a district is used as a polling place, the school district shall be closed on the day of the election, and those days may be used for professional development activities, professional meetings, or parent-teacher conferences.

2. A district may be open on the day of an election if no school in the district is used as a polling place.

(c) All schools shall be closed on the third Monday of January in observance of the birthday of Martin Luther King, Jr. Districts may:

1. Designate the day as one (1) of the four (4) holidays permitted under subsection (3)***(c)*** ~~[(d)]~~ of this section; or

2. Not include the day in the minimum school term specified in subsection (1) of this section.

(6) (a) The Kentucky Board of Education, or the organization or agency designated by the board to manage interscholastic athletics, shall be encouraged to schedule athletic competitions outside the regularly scheduled student attendance day.

(b) Any member of a school-sponsored interscholastic athletic team who competes in a regional tournament or state tournament sanctioned by the Kentucky Board of Education, or the organization or agency designated by the board to manage interscholastic athletics, and occurring on a regularly scheduled student attendance day may be counted present at school on the date or dates of the competition, as determined by local board policy, for a maximum of two (2) days per student per year. The student shall be expected to complete any assignments missed on the date or dates of the competition.

(c) The school attendance record of any student for whom paragraph (b) of this subsection applies shall indicate that the student was in attendance on the date or dates of competition.

(7) Schools shall provide continuing education for those students who are determined to need additional time to achieve the outcomes defined in KRS 158.6451, and schools shall not be limited to the minimum school term

in providing this education. Continuing education time may include extended days, extended weeks, or extended years. A local board of education may adopt a policy requiring its students to participate in continuing education. The local policy shall set out the conditions under which attendance will be required and any exceptions which are provided. The Kentucky Board of Education shall promulgate administrative regulations establishing criteria for the allotment of grants to local school districts and shall include criteria by which the commissioner of education may approve a district's request for a waiver to use an alternative service delivery option, including providing services during the student attendance day on a limited basis. These grants shall be allotted to school districts to provide instructional programs for pupils who are identified as needing additional time to achieve the outcomes defined in KRS 158.6451. A school district that has a school operating a model early reading program under KRS 158.792 may use a portion of its grant money as part of the matching funds to provide individualized or small group reading instruction to qualified students outside of the regular classroom during the student attendance day.

(8) Notwithstanding any other statute, each school term shall include no less than the equivalent of the student instructional year in subsection (1)(f) of this section, or a variable student instructional year in subsection (1)(h) of this section, except that the commissioner of education may grant up to the equivalent of ten (10) student attendance days for school districts that have a nontraditional instruction plan approved by the commissioner of education on days when the school district is closed for health or safety reasons. The district's plan shall indicate how the nontraditional instruction process shall be a continuation of learning that is occurring on regular student attendance days. Instructional delivery methods, including the use of technology, shall be clearly delineated in the plan. Average daily attendance for purposes of Support Education Excellence in Kentucky program funding during the student attendance days granted shall be calculated in compliance with administrative regulations promulgated by the Kentucky Board of Education.

(9) The Kentucky Board of Education shall promulgate administrative regulations to prescribe the conditions and procedures for districts to be approved for the nontraditional instruction program. Administrative regulations promulgated by the board under this section shall specify:

(a) The application, plan review, approval, and amendment process;

(b) Reporting requirements for districts approved for the program, which may include but are not limited to examples of student work, lesson plans, teacher work logs, and student and teacher participation on nontraditional instruction days. Documentation to support the use of nontraditional instruction days shall include clear evidence of learning continuation;

(c) Timelines for initial approval as a nontraditional instruction district, length of approval, the renewal process, and ongoing evaluative procedures required of the district;

(d) Reporting and oversight responsibilities of the district and the Kentucky Department of Education, including the documentation required to show clear evidence of learning continuation during nontraditional instruction days; and

(e) Other components deemed necessary to implement this section.

(10) Notwithstanding the provisions of KRS 158.060***(4)*** ~~[(3)]~~ and the provisions of subsection (2) of this section, a school district shall arrange bus schedules so that all buses arrive in sufficient time to provide breakfast prior to the beginning of the student attendance day. The superintendent of a school district that participates in the Federal School Breakfast Program may also authorize up to fifteen (15) minutes of the student attendance day to provide the opportunity for children to eat breakfast during instructional time.

(11) Notwithstanding any other statute to the contrary, the following provisions shall apply to a school district that misses student attendance days due to emergencies, including weather-related emergencies:

(a) A certified school employee shall be considered to have fulfilled the minimum one hundred eighty-five (185) day contract with a school district under KRS 157.350 and shall be given credit for the purpose of calculating service credit for retirement under KRS 161.500 for certified school personnel if:

1. State and local requirements under this section are met regarding the equivalent of the number and length of student attendance days, teacher professional days, professional development days, holidays, and days for planning activities without the presence of students; and

2. The provisions of the district's school calendar to make up student attendance days missed due to any emergency, as approved by the Kentucky Department of Education when required, including but not limited to a provision for additional instructional time per day, are met.

(b) Additional time worked by a classified school employee shall be considered as equivalent time to be applied toward the employee's contract and calculation of service credit for classified employees under KRS 78.615 if:

1. The employee works for a school district with a school calendar approved by the Kentucky Department of Education that contains a provision that additional instructional time per day shall be used to make up full days missed due to an emergency;

2. The employee's contract requires a minimum six (6) hour work day; and

3. The employee's job responsibilities and work day are extended when the instructional time is extended for the purposes of making up time.

(c) Classified employees who are regularly scheduled to work less than six (6) hours per day and who do not have additional work responsibilities as a result of lengthened student attendance days shall be excluded from the provisions of this subsection. These employees may be assigned additional work responsibilities to make up service credit under KRS 78.615 that would be lost due to lengthened student attendance days.

➔Section 7. KRS 158.4416 is amended to read as follows:

(1) For purposes of this section:

(a) "Direct services" means in-person or virtual services provided directly to a student by a school counselor, including but not limited to individual counseling, group counseling, and individual student planning, scheduling, and registration;

(b) "Indirect services" means services provided on behalf of a student as a result of interactions with others, including but not limited to consultation and collaboration with parents, teachers, and other educators;

(c) "School counselor" means an individual who holds a valid school counselor certificate issued in accordance with the administrative regulations of the Education Professional Standards Board;

(d) "School psychologist" means an individual who holds a valid school psychology certificate issued in accordance with the administrative regulations of the Education Professional Standards Board;

(e) "School social worker" means an individual who holds a valid school social work certificate issued in accordance with the administrative regulations of the Education Professional Standards Board;

(f) "School-based mental health services provider" means a certified school counselor, school psychologist, school social worker, or other qualified mental health professional as defined in KRS 202A.011;

(g) "Trauma" means physical, emotional, or life-threatening harm; and

(h) "Trauma-informed approach" means incorporating principles of trauma awareness and trauma-informed practices in a school in order to foster a safe, stable, and understanding learning environment for all students and staff and ensuring that all students are known well by at least one (1) adult in the school setting.

(2) The General Assembly recognizes that all schools must provide a place for students to feel safe and supported to learn throughout the school day, and that any trauma a student may have experienced can have a significant impact on the ability of a student to learn. The General Assembly directs all public schools to adopt a trauma-informed approach to education in order to better recognize, understand, and address the learning needs of students impacted by trauma and to foster a learning environment where all students, including those who have been traumatized, can be safe, successful, and known well by at least one (1) adult in the school setting. The requirements of this subsection shall apply to public charter schools as a health and safety requirement under KRS 160.1592(1).

(3) (a) As funds and qualified personnel become available:

1. Each school district and each public charter school shall employ at least one (1) school counselor in each school with the goal of the school counselor spending at least sixty percent (60%) or more of his or her time providing direct services to students and no more than forty percent (40%) of his or her time providing indirect services to students; and

2. It shall be the goal that each school district and each public charter school shall provide at least one (1) school counselor or school-based mental health services provider who is employed by the

school district for every two hundred fifty (250) students, including but not limited to the school counselor required in subparagraph 1. of this paragraph.

(b) A school counselor or school-based mental health services provider at each school shall be the facilitator of a trauma-informed team to identify and assist students whose learning, behavior, and relationships have been impacted by trauma. The trauma-informed team may consist of school administrators, school counselors, school psychologists, school social workers, school-based mental health services providers, community-based mental health services providers hired by the district, family resource and youth services coordinators, school nurses, school resource officers, and any other school or district personnel.

(c) The trauma-informed team shall:

1. Provide assistance to school personnel to enable them to support students whose learning, behavior, and relationships have been impacted by trauma;

2. Identify ways to recognize and respond to mental health issues in all students; ***and***

3. Identify ways to build resiliency and wellness in all students~~[;~~

~~4. Compile an annual record of its activities during the course of the school year to be used in the annual comprehensive school improvement plan process required by 703 KAR 5:225; and~~

~~5. Submit the record created in accordance with subparagraph 4. of this paragraph to the department~~]].

(d) Each school counselor or school-based mental health services provider providing services pursuant to this section, and the trauma-informed team members described in paragraph (b) of this subsection, shall provide training, guidance, and assistance to other administrators, teachers, and staff on:

1. Recognizing symptoms of trauma in students;

2. Utilizing interventions and strategies to support the learning needs of those students; and

3. Implementing the plan for a trauma-informed approach as described in subsection (5) of this section.

(e) 1. School districts may employ or contract for the services of school-based mental health services providers to assist with the development and implementation of a trauma-informed approach and the development of a trauma-informed team pursuant to this subsection and to enhance or expand student mental health support services as funds and qualified personnel become available.

2. School-based mental health services providers may provide services through a collaboration between two (2) or more school districts or between school districts and educational cooperatives or any other public or private entities, including but not limited to local or regional mental health day treatment programs.

(f) No later than November 1 of each year, the local school district superintendent shall report to the department the number of school-based mental health service providers, the position held, placement in the district, certification or licensure held, the source of funding for each position, a summary of the job duties and work undertaken by each school-based mental health service provider, and the approximate percent of time devoted to each duty over the course of the year.

(g) The department shall annually compile and maintain a list of school-based mental health service providers by district which shall include the information required in paragraph (f) of this subsection.

(h) No later than June 1 of each year, the department shall provide the Interim Joint Committee on Education with the information reported by local school district superintendents and compiled in accordance with paragraph (g) of this subsection.

(4) The department shall make available a toolkit that includes guidance, strategies, behavioral interventions, practices, and techniques to assist school districts and public charter schools in developing a trauma-informed approach in schools.

(5) Each local board of education and board of a public charter school shall develop a plan for implementing a trauma-informed approach in its schools. The plan shall include but not be limited to strategies for:

(a) Enhancing trauma awareness throughout the school community;

(b) Conducting an assessment of the school climate, including but not limited to inclusiveness and respect for diversity;

(c) Developing trauma-informed discipline policies;

(d) Collaborating with the Department of Kentucky State Police, the local sheriff, and the local chief of police to create procedures for notification of trauma-exposed students; and

(e) Providing services and programs designed to reduce the negative impact of trauma, support critical learning, and foster a positive and safe school environment for every student.

(6) The trauma-informed approach plan developed in accordance with subsection (5) of this section shall be reviewed and updated annually~~[, incorporated into the annual comprehensive district improvement plan required by 703 KAR 5:225,]~~ and submitted to the department. The department shall annually provide a summary of the trauma-informed approach strategies being used in districts to the board and the Legislative Research Commission for referral to the Interim Joint Committee on Education.

➔Section 8. KRS 161.031 is amended to read as follows:

(1) As used in this section:

(a) "Mentor" means an educator who has at least three (3) full years of experience under a professional certificate and who has been trained to assist a beginning educator in the same professional role with his or her professional responsibilities and general school and district procedures; and

(b) "New teacher induction and mentor program" means a multiyear, structured program of mentorship and professional development in which trained mentors provide constructive feedback to new teachers.

(2) The Education Professional Standards Board shall develop standards and guidance for ***school***~~[local]~~ districts to implement new teacher induction and mentor programs. All school districts ***are encouraged to***~~[shall]~~ provide an induction program for teachers in their first year of teaching ***that is aligned with the standards and guidance for school districts developed by the Education Professional Standards Board***.

(3) Standards for new teacher induction and mentor programs shall include but not be limited to the following:

(a) An orientation program for new teachers and other incoming teachers to be provided at the beginning of and throughout the first year of employment;

(b) Assignment of a mentor teacher to a new teacher within the first two (2) weeks of teaching and remaining with the new teacher for the first year of the new teacher's employment in the school. The mentoring relationship shall be composed of activities that the beginning teacher and mentor participate in together, including but not limited to coteaching, lesson planning, and observation;

(c) The creation of a support team to provide assistance for new teachers, including focus on each new teacher's individual professional growth and development plan;

(d) Workshops and training, including professional development opportunities specifically designed for the beginning teacher that provides vital information on topics relevant during the first year in the classroom;

(e) Workshops and training for mentors prior to assignment to a beginning teacher on the skills necessary for effective mentoring;

(f) Opportunities for the new teacher to meet with the assigned mentor to share successes and troubleshooting strategies;

(g) Support teams to link the beginning teacher with a network of teachers in the school or district, in addition to their mentor, that the beginning teacher can rely on for assistance and guidance, especially for content specialization; and

(h) Formative and summative evaluations to provide feedback for a beginning teacher to gain an understanding of his or her strengths and weaknesses and to grow professionally.

(4) The Education Professional Standards Board shall develop evaluations and rubrics aligned to state academic standards and state and local procedures that shall be based on the following standards of effective teaching:

(a) Curriculum, content mastery, planning, and assessment;

(b) Teaching all students; and

(c) Family engagement.

(5) Rubrics shall describe practice in detail at different levels of performance.

(6) Categories of evidence shall be included to assess educator performance, including multiple measures of student learning, observations, and additional relevant evidence.

(7) Evaluations shall include new teacher self-assessment, individual goal setting and plan development, implementation of the plan, formative assessment, and a summative evaluation.

(8) ~~[Beginning October 1, 2024, and]~~By October 1 ***of*** each year~~[thereafter]~~, the Education Professional Standards Board shall provide a report to the Legislative Research Commission for referral to the Interim Joint Committee on Education. The report shall include but not be limited to:

(a) ***Identification of the school districts that have not implemented an induction program for teachers in their first year of teaching that is aligned with the standards and guidance for local districts developed by the Education Professional Standards Board;***

(b) The number of mentor teachers and the educator preparation programs that were attended by the mentor teachers;

(c)~~[(b)]~~ The number of new teachers and the educator preparation programs that were attended by the new teachers;

(d)~~[(c)]~~ An analysis of how prepared new teachers are upon entering the profession;

(e)~~[(d)]~~ The types of training utilized by districts to train new teachers, mentors, and support teams;

(f)~~[(e)]~~ The types of remediation or supports needed by districts for new teachers that were not covered in the educator preparation programs;

(g)~~[(f)]~~ The major components of each new teacher induction and mentor program;

(h)~~[(g)]~~ How new teacher induction and mentor programs are operated and funded;

(i)~~[(h)]~~ How long new teachers receive mentor support;

(j)~~[(i)]~~ The estimated annual amount spent per new teacher;

(k)~~[(j)]~~ Measures being utilized to gauge the new teacher induction and mentor program's effectiveness; and

(l)~~[(k)]~~ Impact on teacher retention.

(9) The Education Professional Standards Board shall accumulate long-term data for analysis of the impact of teacher induction and mentor programs on new teacher retention.

➔Section 9. KRS 156.492 is amended to read as follows:

(1) The Kentucky Department of Education may enter into an agreement with any building and construction trade organization to develop a training program for school counselors providing services to students in the Commonwealth. The purpose of the training program shall be to promote building and construction trades and training facilities available to students by making school counselors aware of what is available to students participating in the building and construction trade. The training program shall include information relating to:

(a) The pay and benefits available to people who work in the building and construction trades; and

(b) Job opportunities, pre-apprenticeships, apprenticeships, and pathways within the building and construction trade industry.

(2) The participating trade organization shall ensure ample opportunities for school counselors that serve grades seven (7) through twelve (12) to complete the training created under subsection (1) of this section annually and shall bear all costs associated with the training. The participating trade organization may choose to offer professional development opportunities to teachers who serve students in grades seven (7) through twelve (12), if resources are available for this purpose.

(3) The department shall include the training program created in this section on the electronic consumer bulletin board created pursuant to KRS 156.095***(8)***~~[(9)]~~ if requested by the training program.

(4) A school counselor serving students in grades seven (7) through twelve (12) may complete four (4) hours of training developed under this section which shall count towards the twenty-one (21) hours required annually pursuant to KRS 156.101(4)(b)2.

(5) Local boards of education or school-based decision making councils may incorporate this training as part of the four (4) days of professional development required pursuant to KRS 158.070(3)(a) for teachers who serve students in grades seven (7) through twelve (12) if offered by the participating trade organization.

➔Section 10. KRS 157.360 is amended to read as follows:

(1) (a) In determining the cost of the program to support education excellence in Kentucky, the statewide guaranteed base funding level, as defined in KRS 157.320, shall be computed by dividing the amount appropriated for this purpose by the prior year's statewide average daily attendance.

(b) When determining the biennial appropriations for the program, the average daily attendance for each fiscal year shall include an estimate of the number of students graduating early under the provisions of KRS 158.142.

(2) Each district shall receive an amount equal to the base funding level for each pupil in average daily attendance in the district in the previous year, except a district shall receive an amount equal to one-half (1/2) of the state portion of the average statewide per pupil guaranteed base funding level for each student who graduated early under the provisions of KRS 158.142. Each district's base funding level shall be adjusted by the following factors:

(a) The number of at-risk students in the district. At-risk students shall be identified as those approved for the free lunch program under state and federal guidelines. The number of at-risk students shall be multiplied by a factor to be established by the General Assembly. Funds generated under this paragraph may be used to pay for:

1. Alternative programs for students who are at risk of dropping out of school before achieving a diploma; and

2. A hazardous duty pay supplement as determined by the local board of education to the teachers who work in alternative programs with students who are violent or assaultive;

(b) The number and types of exceptional children in the district as defined by KRS 157.200. Specific weights for each category of exceptionality shall be used in the calculation of the add-on factor for exceptional children; and

(c) Transportation costs. The per-pupil cost of transportation shall be calculated as provided by KRS 157.370. Districts which contract to furnish transportation to students attending nonpublic schools may adopt any payment formula which ensures that no public school funds are used for the transportation of nonpublic students.

(3) Beginning with the 2015-2016 school year and each year thereafter, the General Assembly shall annually allocate funds equal to one-half (1/2) of the state portion of the average statewide per pupil guaranteed base funding level for each student who graduated early under the provisions of KRS 158.142 the previous school year to the Kentucky Higher Education Assistance Authority for deposit in the early graduation scholarship trust fund.

(4) The program to support education excellence in Kentucky shall be fully implemented by the 1994-95 school year.

(5) (a) Except for those schools which have implemented school-based decision making, the commissioner of education shall enforce maximum class sizes for every academic course requirement in all grades except in vocal and instrumental music, and physical education classes. Except as provided in subsection (6) of this section, the maximum number of pupils enrolled in a class shall be as follows:

1. Twenty-four (24) in primary grades (kindergarten through third grade);

2. Twenty-eight (28) in grade four (4);

3. Twenty-nine (29) in grades five (5) and six (6);

4. Thirty-one (31) in grades seven (7) to twelve (12).

(b) Except for those schools which have implemented school-based decision making, class size loads for middle and secondary school classroom teachers shall not exceed the equivalent of one hundred fifty (150) pupil hours per day.

(c) The commissioner of education, upon approval of the Kentucky Board of Education, shall adopt administrative regulations for enforcing this provision. These administrative regulations shall include procedures for a superintendent to request an exemption from the Kentucky Board of Education when unusual circumstances warrant an increased class size for an individual class. A request for an exemption shall include specific reasons for the increased class size with a plan for reducing the class size prior to the beginning of the next school year. A district shall not receive in any one (1) year exemptions for more classes than enroll twenty percent (20%) of the pupils in the primary grades and grades four (4) through eight (8).

(d) In all schools the commissioner of education shall enforce the special education maximum class sizes set by administrative regulations adopted by the Kentucky Board of Education. A superintendent may request an exemption pursuant to paragraph (c) of this subsection. A local school council may request a waiver pursuant to KRS 156.160(2). An exemption or waiver shall not be granted if the increased class size will impede any exceptional child from achieving his or her individual education program in the least restrictive environment.

(6) In grades four (4) through six (6) with combined grades, the maximum class size shall be the average daily attendance upon which funding is appropriated for the lowest assigned grade in the class. There shall be no exceptions to the maximum class size for combined classes. In combined classes other than the primary grades, no ungraded students shall be placed in a combined class with graded students. In addition, there shall be no more than two (2) consecutive grade levels combined in any one (1) class in grades four (4) through six (6). However, this shall not apply to schools which have implemented school-based decision making.

(7) If a local school district, through its admission and release committee, determines that an appropriate program in the least restrictive environment for a particular child with a disability includes either part-time or full-time enrollment with a private school or agency within the state or a public or private agency in another state, the school district shall count as average daily attendance in a public school the time that the child is in attendance at the school or agency, contingent upon approval by the commissioner of education.

(8) Pupils attending a center for child learning and study established under an agreement pursuant to KRS 65.210 to 65.300 shall, for the purpose of calculating average daily attendance, be considered as in attendance in the school district in which the child legally resides and which is party to the agreement. For purposes of subsection (1) of this section, teachers who are actually employees of the joint or cooperative action shall be considered as employees of each school district which is a party to the agreement.

(9) Program funding shall be increased when the average daily attendance in any district for the first two (2) months of the current school year is greater than the average daily attendance of the district for the first two (2) months of the previous school year. The program funds allotted the district shall be increased by the percent of increase. The average daily attendance in kindergarten is the kindergarten full-time equivalent pupils in average daily attendance.

(10) If the average daily attendance for the current school year in any district decreases by ten percent (10%) or more than the average daily attendance for the previous school year, the average daily attendance for purposes of calculating program funding for the next school year shall be increased by an amount equal to two-thirds (2/3) of the decrease in average daily attendance. If the average daily attendance remains the same or decreases in the succeeding school year, the average daily attendance for purposes of calculating program funding for the following school year shall be increased by an amount equal to one-third (1/3) of the decrease for the first year of the decline.

(11) If the percentage of attendance of any school district shall have been reduced more than two percent (2%) during the previous school year, the program funding allotted the district for the current school year shall be increased by the difference in the percentage of attendance for the two (2) years immediately prior to the current school year less two percent (2%).

(12) (a) Instructional salaries for vocational agriculture classes shall be for twelve (12) months per year. Vocational agriculture teachers shall be responsible for the following program of instruction during the time period beyond the regular school term established by the local board of education: supervision and instruction of students in agriculture experience programs; group and individual instruction of farmers and agribusinessmen; supervision of student members of agricultural organizations who are involved in

leadership training or other activity required by state or federal law; or any program of vocational agriculture established by the Department of Education. During extended employment, no vocational agriculture teacher shall receive salary on a day that the teacher is scheduled to attend an institution of higher education class which could be credited toward meeting any certification requirement.

(b) Each teacher of agriculture employed shall submit an annual plan for summer program to the local school superintendent for approval. The summer plan shall include a list of tasks to be performed, purposes for each task, and time to be spent on each task. Approval by the local school superintendent shall be in compliance with the guidelines developed by the Department of Education. The supervision and accountability of teachers of vocational agriculture's summer programs shall be the responsibility of the local school superintendent. The local school superintendent shall submit to the commissioner of education a completed report of summer tasks for each vocational agriculture teacher. Twenty percent (20%) of the approved vocational agriculture programs shall be audited annually by the State Department of Education to determine that the summer plan has been properly executed.

(13) (a) In allotting program funds for home and hospital instruction, statewide guaranteed base funding, excluding the capital outlay, shall be allotted for each child in average daily attendance in the prior school year who has been properly identified according to Kentucky Board of Education administrative regulations. Attendance shall be calculated pursuant to KRS 157.270 and shall be reported monthly on forms provided by the Department of Education; and

(b) Pursuant to administrative regulations of the Kentucky Board of Education, local school districts shall be reimbursed for home and hospital instruction for pupils unable to attend regular school sessions because of short-term health impairments. A reimbursement formula shall be established by administrative regulations to include such factors as a reasonable per hour, per child allotment for teacher instructional time, with a maximum number of funded hours per week, a reasonable allotment for teaching supplies and equipment, and a reasonable allotment for travel expenses to and from instructional assignments, but the formula shall not include an allotment for capital outlay. Attendance shall be calculated pursuant to KRS 157.270 and shall be reported annually on forms provided by the Department of Education.

(14) Except for those schools which have implemented school-based decision making and the school council has voted to waive this subsection, kindergarten aides shall be provided for each twenty-four (24) full-time equivalent kindergarten students enrolled.

(15) Effective July 1, 2001, there shall be no deduction applied against the base funding level for any pupil in average daily attendance who spends a portion of his or her school day in a program at a state-operated career and technical education or vocational facility.

(16) During a fiscal year, a school district may request that the Department of Education recalculate its funds allocated under this section if the current year average daily attendance for the twenty (20) day school month as defined in KRS 158.060***(2)*** ~~[(1)]~~ that contains the most days within the calendar month of January exceeds the prior year adjusted average daily attendance plus growth by at least one percent (1%). Any adjustments in the allotments approved under this subsection shall be proportional to the remaining days in the school year and subject to available funds under the program to support education excellence in Kentucky.

(17) To calculate the state portion of the program to support education excellence in Kentucky for a school district, the Department of Education shall subtract the local effort required under KRS 157.390(5) from the calculated base funding under the program to support education excellence in Kentucky, as required by this section. The value of the real estate used in this calculation shall be the lesser of the current year assessment or the prior year assessment increased by four percent (4%) plus the value of current year new property. The calculation under this subsection shall be subject to available funds.

(18) Notwithstanding any other statute or budget of the Commonwealth language to the contrary, time missed due to shortening days for emergencies may be made up by lengthening school days in the school calendar without any loss of funds under the program to support education excellence in Kentucky.

➔Section 11. KRS 156.070 is amended to read as follows:

(1) The Kentucky Board of Education shall have the management and control of the common schools and all programs operated in these schools, including interscholastic athletics, the Kentucky School for the Deaf, the Kentucky School for the Blind, and community education programs and services.

(2) The Kentucky Board of Education may designate an organization or agency to manage interscholastic athletics in the common schools, provided that the rules, regulations, and bylaws of any organization or agency so designated shall be approved by the board, and provided further that any administrative hearing conducted by the designated managing organization or agency shall be conducted in accordance with KRS Chapter 13B.

(a) The state board or its designated agency shall assure through promulgation of administrative regulations that if a secondary school sponsors or intends to sponsor an athletic activity or sport that is similar to a sport for which National Collegiate Athletic Association members offer an athletic scholarship, the school shall sponsor the athletic activity or sport for which a scholarship is offered. The administrative regulations shall specify which athletic activities are similar to sports for which National Collegiate Athletic Association members offer scholarships.

(b) Beginning with the 2003-2004 school year, the state board shall require any agency or organization designated by the state board to manage interscholastic athletics to adopt bylaws that establish as members of the agency's or organization's board of control one (1) representative of nonpublic member schools who is elected by the nonpublic school members of the agency or organization from regions one (1) through eight (8) and one (1) representative of nonpublic member schools who is elected by the nonpublic member schools of the agency or organization from regions nine (9) through sixteen (16). The nonpublic school representatives on the board of control shall not be from classification A1 or D1 schools. Following initial election of these nonpublic school representatives to the agency's or organization's board of control, terms of the nonpublic school representatives shall be staggered so that only one (1) nonpublic school member is elected in each even-numbered year.

(c) The state board or any agency designated by the state board to manage interscholastic athletics shall not promulgate rules, administrative regulations, or by laws that prohibit pupils in grades seven (7) to eight (8) from participating in any high school sports except for high school varsity soccer and football, or from participating on more than one (1) school-sponsored team at the same time in the same sport. The Kentucky Board of Education, or an agency designated by the board to manage interscholastic athletics, may promulgate administrative regulations restricting, limiting, or prohibiting participation in high school varsity soccer and football for students who have not successfully completed the eighth grade.

(d) 1. The state board or any agency designated by the state board to manage interscholastic athletics shall allow a member school's team or students to play against students of a nonmember at-home private school, or a team of students from nonmember at-home private schools, if the nonmember at-home private schools and students comply with this subsection.

2. A nonmember at-home private school's team and students shall comply with the rules for student-athletes, including rules concerning:

a. Age;

b. School semesters;

c. Scholarships;

d. Physical exams;

e. Foreign student eligibility; and

f. Amateurs.

3. A coach of a nonmember at-home private school's team shall comply with the rules concerning certification of member school coaches as required by the state board or any agency designated by the state board to manage interscholastic athletics.

4. This subsection shall not allow a nonmember at-home private school's team to participate in a sanctioned:

a. Conference;

b. Conference tournament;

c. District tournament;

d. Regional tournament; or

e. State tournament or event.

5. This subsection does not allow eligibility for a recognition, award, or championship sponsored by the state board or any agency designated by the state board to manage interscholastic athletics.

6. A nonmember at-home private school's team or students may participate in interscholastic athletics permitted, offered, or sponsored by the state board or any agency designated by the state board to manage interscholastic athletics.

(e) Every local board of education shall require an annual medical examination performed and signed by a physician, physician assistant, advanced practice registered nurse, or chiropractor, if performed within the professional's scope of practice, for each student seeking eligibility to participate in any school athletic activity or sport. The Kentucky Board of Education or any organization or agency designated by the state board to manage interscholastic athletics shall not promulgate administrative regulations or adopt any policies or bylaws that are contrary to the provisions of this paragraph.

(f) Any student who turns nineteen (19) years of age prior to August 1 shall not be eligible for high school athletics in Kentucky. Any student who turns nineteen (19) years of age on or after August 1 shall remain eligible for that school year only. An exception to the provisions of this paragraph shall be made, and the student shall be eligible for high school athletics in Kentucky if the student:

1. Qualified for exceptional children services and had an individual education program developed by an admissions and release committee (ARC) while the student was enrolled in the primary school program;

2. Was retained in the primary school program because of an ARC committee recommendation; and

3. Has not completed four (4) consecutive years or eight (8) consecutive semesters of eligibility following initial promotion from grade eight (8) to grade nine (9).

(g) The state board or any agency designated by the state board to manage interscholastic athletics shall promulgate administrative regulations or bylaws that provide that:

1. A member school shall designate all athletic teams, activities, and sports for students in grades six (6) through twelve (12) as one (1) of the following categories:

   a. "Boys";

   b. "Coed"; or

   c. "Girls";

2. The sex of a student for the purpose of determining eligibility to participate in an athletic activity or sport shall be determined by:

   a. A student's biological sex as indicated on the student's original, unedited birth certificate issued at the time of birth; or

   b. An affidavit signed and sworn to by the physician, physician assistant, advanced practice registered nurse, or chiropractor that conducted the annual medical examination required by paragraph (e) of this subsection under penalty of perjury establishing the student's biological sex at the time of birth;

3. a. An athletic activity or sport designated as "girls" for students in grades six (6) through twelve (12) shall not be open to members of the male sex.

   b. Nothing in this section shall be construed to restrict the eligibility of any student to participate in an athletic activity or sport designated as "boys" or "coed"; and

4. Neither the state board, any agency designated by the state board to manage interscholastic athletics, any school district, nor any member school shall entertain a complaint, open an investigation, or take any other adverse action against a school for maintaining separate interscholastic or intramural athletic teams, activities, or sports for students of the female sex.

(h) 1. The state board or any agency designated by the state board to manage interscholastic athletics shall promulgate administrative regulations that permit a school district to employ or assign nonteaching or noncertified personnel or personnel without postsecondary education credit hours

to serve in a coaching position. The administrative regulations shall give preference to the hiring or assignment of certified personnel in coaching positions.

2. A person employed in a coaching position shall be a high school graduate and at least twenty-one (21) years of age and shall submit to a criminal background check in accordance with KRS 160.380.

3. The administrative regulations shall specify post-hire requirements for persons employed in coaching positions.

4. The regulations shall permit a predetermined number of hours of professional development training approved by the state board or its designated agency to be used in lieu of postsecondary education credit hour requirements.

5. A local school board may specify post-hire requirements for personnel employed in coaching positions in addition to those specified in subparagraph 3. of this paragraph.

(i) Unless permitted to be eligible for varsity athletics by any transfer rule, policy, or administrative regulation promulgated by the state board or any agency designated by the state board to manage interscholastic athletics, any student who transfers enrollment from a district of residence to a nonresident district under KRS 157.350(4)(b) after enrolling in grade nine (9) and participating in a varsity sport shall be ineligible to participate in interscholastic athletics for one (1) calendar year from the date of the transfer. The state board or any agency designated by the state board to manage interscholastic athletics may adopt rules, policies, and bylaws and promulgate administrative regulations necessary to carry out this paragraph.

(j) No member school shall grant a student-athlete the right to use the member school's intellectual property, such as trademarks, school uniforms, and copyrights, in the student's earning of compensation through name, image, and likeness activities. No student-athlete shall use such intellectual property in earning compensation through name, image, and likeness activities. The state board or any agency designated by the state board to manage interscholastic athletics shall promulgate administrative regulations to govern and enforce this paragraph.

(3) (a) The Kentucky Board of Education is hereby authorized to lease from the State Property and Buildings Commission or others, whether public or private, any lands, buildings, structures, installations, and facilities suitable for use in establishing and furthering television and related facilities as an aid or supplement to classroom instruction throughout the Commonwealth and for incidental use in any other proper public functions. The lease may be for any initial term commencing with the date of the lease and ending with the next ensuing June 30, which is the close of the then-current fiscal biennium of the Commonwealth, with exclusive options in favor of the board to renew the same for successive ensuing bienniums, July 1 in each even year to June 30 in the next ensuing even year; and the rentals may be fixed at the sums in each biennium, if renewed, sufficient to enable the State Property and Buildings Commission to pay therefrom the maturing principal of and interest on, and provide reserves for, any revenue bonds which the State Property and Buildings Commission may determine to be necessary and sufficient, in agreement with the board, to provide the cost of acquiring the television and related facilities with appurtenances and costs as may be incident to the issuance of the bonds.

(b) Each option of the Kentucky Board of Education to renew the lease for a succeeding biennial term may be exercised at any time after the adjournment of the session of the General Assembly at which appropriations shall have been made for the operation of the state government for such succeeding biennial term, by notifying the State Property and Buildings Commission in writing, signed by the chief state school officer, and delivered to the secretary of the Finance and Administration Cabinet as a member of the commission. The option shall be deemed automatically exercised, and the lease automatically renewed for the succeeding biennium, effective on the first day thereof, unless a written notice of the board's election not to renew shall have been delivered in the office of the secretary of the Finance and Administration Cabinet before the close of business on the last working day in April immediately preceding the beginning of the succeeding biennium.

(c) The Kentucky Board of Education shall not itself operate leased television facilities, or undertake the preparation of the educational presentations or films to be transmitted thereby, but may enter into one (1) or more contracts to provide therefor, with any public agency and instrumentality of the Commonwealth having, or able to provide, a staff with proper technical qualifications, upon which agency and instrumentality the board, through the chief state school officer and the Department of

Education, is represented in such manner as to coordinate matters of curriculum with the curricula prescribed for the public schools of the Commonwealth. Any contract for the operation of the leased television or related facilities may permit limited and special uses of the television or related facilities for other programs in the public interest, subject to the reasonable terms and conditions as the board and the operating agency and instrumentality may agree upon; but any contract shall affirmatively forbid the use of the television or related facilities, at any time or in any manner, in the dissemination of political propaganda or in furtherance of the interest of any political party or candidate for public office, or for commercial advertising. No lease between the board and the State Property and Buildings Commission shall bind the board to pay rentals for more than one (1) fiscal biennium at a time, subject to the aforesaid renewal options. The board may receive and may apply to rental payments under any lease and to the cost of providing for the operation of the television or related facilities not only appropriations which may be made to it from state funds, from time to time, but also contributions, gifts, matching funds, devises, and bequests from any source, whether federal or state, and whether public or private, so long as the same are not conditioned upon any improper use of the television or related facilities in a manner inconsistent with the provisions of this subsection.

(4) The state board may, on the recommendation and with the advice of the chief state school officer, prescribe, print, publish, and distribute at public expense such administrative regulations, courses of study, curriculums, bulletins, programs, outlines, reports, and placards as each deems necessary for the efficient management, control, and operation of the schools and programs under its jurisdiction. All administrative regulations published or distributed by the board shall be enclosed in a booklet or binder on which the words "informational copy" shall be clearly stamped or printed.

(5) Upon the recommendation of the chief state school officer or his or her designee, the state board shall establish policy or act on all matters relating to programs, services, publications, capital construction and facility renovation, equipment, litigation, contracts, budgets, and all other matters which are the administrative responsibility of the Department of Education.

(6) On or after the effective date of this Act, the state board shall not impose any new reporting requirement upon public schools or public school districts that is not expressly authorized by state statute or federal law.

➔Section 12. (1) No later than August 1, 2025, the Kentucky Department of Education shall submit a report to the Legislative Research Commission for referral to the Education Assessment and Accountability Review Subcommittee on continuous school and district improvement plans. The report shall identify each submission request contained in the Cognia software interface used by public schools to complete continuous school improvement plans and school districts to complete continuous district improvement plans. For each submission request, the report shall:

(a) Include a screenshot of the full submission request;

(b) Identify the specific federal law or state statute that directly requires the submission request. If no federal law or state statute directly requires a specific submission request, the report shall clearly indicate that fact;

(c) Identify the criteria used by the department to evaluate a school or school district's response to the submission request; and

(d) If the federal law or state statutory requirement for a specific submission request does not apply equally to all schools:

1. Identify the criteria used to identify schools and districts subject to that submission request;

2. State the number and percentage of schools and districts that met the criteria used to identify schools and districts subject to each specific submission request during the 2024-2025 school year; and

3. State whether the Cognia software permits schools and districts not subject to the submission request a clear opportunity to bypass the submission request. If so, the report shall provide screenshots of the instructions provided to the software user on the procedure to bypass a submission request not required from a particular school or district.

(2) No later than October 1, 2025, the department shall submit report to the Legislative Research Commission for referral to the Education Assessment and Accountability Review Subcommittee that lists each submission request that is not directly required by a specific federal law or state statute that the department recommends the General Assembly to authorize in statute during the 2026 Regular Session.

(3) No later than August 1, 2026, each submission request that is not directly required by a specific federal law or state statute on that date shall be eliminated from the school and district planning process and removed from the designated school planning software interface.

(4) No later than August 1, 2026, the designated school planning software interface shall be replaced or updated to provide schools or districts not subject to a specific federal law or state statutory requirement a clear opportunity to bypass the submission request. The department, in their role as the designated state education agency responsible for the oversight and management of school assessment and accountability, shall be responsible for auditing school and school district compliance with federal reporting requirements and ensure that each school and district has satisfied the reporting requirements of federal law and state statute.

➔Section 13. (1) The Kentucky Department of Education shall conduct a review of the reporting requirements imposed upon public schools and school districts. No later than October 1, 2025, the department shall submit a written report to the to the Legislative Research Commission for referral to the appropriate Interim Joint Committee on Education which describes each reporting requirement imposed upon public schools and school districts. The report shall include:

(a) The nature and purpose of each reporting requirement;

(b) The specific legal authority of each reporting requirement;

(c) The required contents of each required report;

(d) The function or purpose of each required report;

(e) The frequency of each required report;

(f) The year the reporting requirement was implemented;

(g) Whether and how each required report is leveraged to improve the quality of public education in the Commonwealth; and

(h) An analysis of whether the reporting requirement is conducive to an efficient and effective system of common schools.

(2) The report required by subsection (1) of this section shall be organized by the specific legal source of authority of each reporting requirement. The report shall clearly distinguish between reporting requirements expressly required pursuant to federal law, state statute, and all other reporting requirements.

(3) All reporting requirements identified under this section imposed upon public schools and school districts that are not expressly required by state statute or federal law shall have no force and effect after June 30, 2026, unless preserved in statute by an act of the General Assembly. No later than July 1, 2026, the Kentucky Department of Education shall eliminate all reporting requirements not expressly required by state statute or federal law. The department shall promptly notify each public school, school district, and the Legislative Research Commission of the reporting requirements eliminated in accordance with this section.

➔Section 14. This Act may be cited as the Red Tape Reduction Act.

Signed by Governor April 1, 2025.

CHAPTER 146

(HB 662)

AN ACT relating to personally identifiable information.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 61 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Covered person" means a judicial officer or an immediate family member of a judicial officer;

(b) "Disclose" means to post, display, publish, or otherwise make publicly available;

(c) "Immediate family member" means:

1. A spouse, child, parent, or person under the familial custody or care of a judicial officer; or

2. Any other familial relative who resides in the same household as the judicial officer;

(d) "Judicial officer" means any active or senior judge and includes a:

1. Justice of the United States or a judge of the United States as those terms are defined in 28 U.S.C. sec. 451;

2. Bankruptcy judge appointed under 28 U.S.C. sec. 152 or recalled pursuant to 28 U.S.C. sec. 375;

3. United States magistrate judge appointed under 28 U.S.C. sec. 631 or recalled pursuant to 28 U.S.C. sec. 375;

4. Judge confirmed by the United States Senate and empowered by statute in any commonwealth, territory, or possession to perform the duties of a federal judge;

5. Judge of the United States Court of Federal Claims appointed under 28 U.S.C. sec. 171; and

6. Justice, judge, trial commissioner, or domestic relations commissioner of the Kentucky Court of Justice;

(e) "Personally identifiable information" means data that can identify a covered person and includes:

1. Date of birth;

2. Biometric, health, or medical data, or insurance information;

3. Residence addresses of the covered person;

4. Home or cellular telephone numbers;

5. Personal email addresses;

6. Identities of the children of a judicial officer and names and locations of schools and daycare facilities they attend;

7. Social Security number; and

8. The name of an immediate family member's employer; and

(f) "Written request" means a notice signed by a covered person requesting a government agency refrain from posting or displaying publicly available content that includes the personally identifiable information of the covered person.

(2) (a) A government agency shall not disclose the personally identifiable information of any covered person if the covered person has made a written request to the government agency that this personally identifiable information not be disclosed.

(b) Upon receipt of the written request, personally identifiable information shall be removed from publicly available content within seventy-two (72) hours.

(c) A request under this subsection may be made on behalf of a minor who is a covered person by a parent or guardian of the minor.

(3) After the government agency has removed the personally identifiable information from publicly available content, the government agency shall not publicly post or otherwise release the information unless the covered person voluntarily publishes the information on the internet after the effective date of this Act.

(4) A covered person may bring a civil action seeking injunctive or declaratory relief to enforce this section in any court of competent jurisdiction.

➔Section 2. KRS 304.17A-540 is amended to read as follows:

(1) Any insurer that limits coverage for any treatment, procedure, a drug, or device shall define the limitations and fully disclose those limits in the health insurance policy or certificate coverage.

(2) (a) Any insurer that denies coverage for a treatment, procedure, a drug that requires prior approval, or device for an enrollee shall provide the enrollee with a denial letter that shall include:

1. The ~~[name, license number,]~~state of licensure~~[,]~~ and title of the person making the decision;

2. A statement setting forth the specific medical and scientific reasons for denying coverage of a service, if the coverage is denied for reasons of medical necessity; and

3. Instructions for initiating or complying with the plan's grievance or appeal procedure stating at a minimum whether the appeal must be in writing, any time limitations or schedules for filing appeals and the name and phone number of a contact person who can provide additional information.

(b) The denial letter shall be provided within:

1. Two (2) regular working days of the submitted request where preauthorization for a treatment, procedure, drug, or device is involved;

2. Twenty-four (24) hours of the submitted request where hospital preadmission review is sought;

3. Twenty (20) working days of the receipt of requested medical information where the plan has initiated a retrospective review; and

4. Twenty (20) working days of the initiation of the review process in all other instances.

➔Section 3. KRS 304.17A-545 is amended to read as follows:

(1) A managed care plan shall appoint a medical director who:

(a) Is a physician licensed to practice in this state;

(b) Is in good standing with the State Board of Medical Licensure;

(c) Has not had his or her license revoked or suspended~~[,]~~ under KRS 311.530 to 311.620; ***and***

(d) ~~[Shall sign any denial letter required under KRS 304.17A-540; and~~

~~(e)]~~Shall be responsible for the treatment policies, protocols, quality assurance activities, and utilization management decisions of the plan.

(2) The medical director shall ensure that:

(a) Any utilization management decision to deny, reduce, or terminate a health care benefit or to deny payment for a health care service because that service is not medically necessary shall be made by a physician, except in the case of a health care service rendered by a chiropractor or optometrist, that decision shall be made respectively by a chiropractor or optometrist duly licensed in Kentucky;

(b) A utilization management decision shall not retrospectively deny coverage for health care services provided to a covered person when prior approval has been obtained from the insurer for those services, unless the approval was based upon fraudulent, materially inaccurate, or misrepresented information submitted by the covered person or the participating provider;

(c) In the case of a managed care plan, a procedure is implemented whereby***:***

1. Participating physicians have an opportunity to review and comment on all medical and surgical and emergency room protocols, respectively, of the insurer***;*** and~~[whereby]~~

2. Other participating providers have an opportunity to review and comment on all of the insurer's protocols that are within the provider's legally authorized scope of practice;

(d) The utilization management program is available to respond to authorization requests for urgent services and is available, at a minimum, during normal working hours for inquiries and authorization requests for nonurgent health care services; and

(e) In the case of a managed care plan, a covered person is permitted to choose or change a primary care provider from among participating providers in the provider network and, when appropriate, choose a specialist from among participating network providers following an authorized referral, if required by the insurer, and subject to the ability of the specialist to accept new patients.

(3) A managed care plan shall develop comprehensive quality assurance or improvement standards adequate to identify, evaluate, and remedy problems relating to access, continuity, and quality of health care services. These standards shall be made available to the public during regular business hours and include:

(a) An ongoing written, internal quality assurance or improvement program;

(b) Specific written guidelines for quality of care studies and monitoring, including attention to vulnerable populations;

(c) Performance and clinical outcomes-based criteria;

(d) A procedure for remedial action to correct quality problems, including written procedures for taking appropriate corrective action;

(e) A plan for data gathering and assessment; and

(f) A peer review process.

(4) Each managed care plan shall have a process for the selection of health care providers who will be on the plan's list of participating providers, with written policies and procedures for review and approval used by the plan.

(a) The plan shall establish minimum professional requirements for participating health care providers. An insurer may not discriminate against a provider solely on the basis of the provider's license by the state;

(b) The plan shall demonstrate that it has consulted with appropriately qualified health care providers to establish the minimum professional requirements;

(c) The plan's selection process shall include verification of each health care provider's license, history of license suspension or revocation, and liability claims history;

(d) A managed care plan shall establish a formal written, ongoing process for the reevaluation of each participating health care provider within a specified number of years after the provider's initial acceptance into the plan. The reevaluation shall include an update of the previous review criteria and an assessment of the provider's performance pattern based on criteria such as enrollee clinical outcomes, number of complaints, and malpractice actions.

(5) The commissioner shall promulgate administrative regulations to establish a uniform application form and guidelines for the evaluation and reevaluation of health care providers, including psychologists, who will be on the plan's list of participating providers in accordance with subsection (4) of this section. In developing a uniform application and guidelines, the department shall consider industry standards and guidelines adopted by the Council for Affordable Quality Healthcare. The uniform application form and guidelines shall be used by all insurers.

(6) A managed care plan shall not use a health care provider beyond, or outside of, the provider's legally authorized scope of practice.

➔Section 4. KRS 304.17A-617 is amended to read as follows:

(1) (a) Every insurer shall have an internal appeal process to be utilized by the insurer or its designee, consistent with this section and KRS 304.17A-619 and which shall be disclosed to covered persons in accordance with KRS 304.17A-505(1)(g).

(b) An insurer shall disclose the availability of the internal process to the covered person in the insured's timely notice of an adverse determination or notice of a coverage denial which meets the requirements ~~[set forth]~~in KRS 304.17A-607(1)(j).

(c) For purposes of this section, "coverage denial" means an insurer's determination that a service, treatment, drug, or device is specifically limited or excluded under the covered person's health benefit plan.

(d) Where a coverage denial is involved, in addition to stating the reason for the coverage denial, the required notice shall contain instructions for filing a request for internal appeal.

(2) The internal appeals process may be initiated by the covered person, an authorized person, or a provider acting on behalf of the covered person.

(3) The internal appeals process shall include adequate and reasonable procedures for review and resolution of appeals concerning adverse determinations made under utilization review and of coverage denials, including procedures for reviewing appeals from covered persons whose medical conditions require expedited review. At a minimum, these procedures shall include the following:

(a) Except as provided in KRS 304.17A-163:

1. Insurers or their designees shall provide decisions to covered persons, authorized persons, and providers on internal appeals of adverse determinations or coverage denials within thirty (30) days of receipt of the request for internal appeal; and

2. Insurers or their designees shall render a decision not later than three (3) business days after receipt of the request for an expedited appeal of either an adverse determination or a coverage denial. An expedited appeal is deemed necessary when a covered person is hospitalized or, in the opinion of the treating provider, review under a standard time frame could, in the absence of immediate medical attention, result in any of the following:

   a. Placing the health of the covered person or, with respect to a pregnant woman, the health of the covered person or the unborn child in serious jeopardy;

   b. Serious impairment to bodily functions; or

   c. Serious dysfunction of a bodily organ or part;

(b) Internal appeal of an adverse determination shall only be conducted by a licensed physician who did not participate in the initial review and denial. However, in the case of a review involving a medical or surgical specialty or subspecialty, the insurer or agent shall, upon request by a covered person, authorized person, or provider, utilize a ***board-eligible***~~[board-eligible]~~ or certified physician in the appropriate specialty or subspecialty area to conduct the internal appeal;

(c) Those portions of the medical record that are relevant to the internal appeal, if authorized by the covered person and in accordance with state or federal law, shall be considered and providers given the opportunity to present additional information; and

(d) In addition to any previous notice required under KRS 304.17A-607(1)(j), and to facilitate expeditious handling of a request for external review of an adverse determination or a coverage denial, an insurer or agent that denies, limits, reduces, or terminates coverage for a treatment, procedure, drug, or device for a covered person shall provide the covered person, authorized person, or provider acting on behalf of the covered person with an internal appeal determination letter that shall include:

1. A statement of the specific medical and scientific reasons for denying coverage or identifying that provision of the schedule of benefits or exclusions that demonstrates that coverage is not available;

2. The state of licensure~~[, medical license number,]~~ and the title of the person making the decision***, except that an internal appeal determination letter provided to a provider acting on behalf of the covered person shall also include the medical license number of the person making the decision***;

3. Except for retrospective review, a description of alternative benefits, services, or supplies covered by the health benefit plan, if any; and

4. Instructions for initiating an external review of an adverse determination, or filing a request for review with the department if a coverage denial is upheld by the insurer on internal appeal.

(4) (a) The department shall establish and maintain a system for receiving and reviewing requests for review of coverage denials from covered persons, authorized persons, and providers.

(b) For purposes of this subsection, "coverage denials" shall not include an adverse determination as defined in KRS 304.17A-600 or subsequent denials arising from an adverse determination.

(c) On receipt of a written request for review of a coverage denial from a covered person, authorized person, or provider, the department shall notify the insurer which issued the denial of the request for review and shall call for the insurer to respond to the department regarding the request for review within ten (10) business days of receipt of notice to the insurer.

(d) Within ten (10) business days of receiving the notice of the request for review from the department, the insurer shall provide to the department the following information:

1. Confirmation as to whether the person who received or sought the health service for which coverage was denied was a covered person under a health benefit plan issued by the insurer on the date the service was sought or denied;

2. Confirmation as to whether the covered person, authorized person, or provider has exhausted his or her rights under the insurer's appeal process under this section; and

3. The reason for the coverage denial, including the specific limitation or exclusion of the health benefit plan demonstrating that coverage is not available.

(e) In addition to the information described in paragraph (d) of this subsection, the insurer and the covered person, authorized person, or provider shall provide to the department any information requested by the department that is germane to its review.

(f) 1. On the receipt of the information described in paragraphs (d) and (e) of this subsection, unless the department is not able to do so because making a determination requires resolution of a medical issue, it shall determine whether the service, treatment, drug, or device is specifically limited or excluded under the terms of the covered person's health benefit plan.

2. If the department determines that the treatment, service, drug, or device is not specifically limited or excluded, it shall so notify the insurer, and the insurer shall either cover the service, or afford the covered person an opportunity for external review under KRS 304.17A-621, 304.17A-623, and 304.17A-625, where the conditions precedent to the review are present.

3. If the department notifies the insurer that the treatment, service, drug, or device is specifically limited or excluded in the health benefit plan, the insurer is not required to cover the service or afford the covered person an external review.

(g) An insurer shall be required to cover the treatment, service, drug, or device that was denied or provide notification of the right to external review in accordance with paragraph (f) of this subsection whether the covered person has disenrolled or remains enrolled with the insurer.

(h) If the covered person has disenrolled with the insurer, the insurer shall only be required to provide the treatment, service, drug, or device that was denied for a period not to exceed thirty (30) days or provide the covered person the opportunity for external review.

➔Section 5. KRS 304.17A-607 is amended to read as follows:

(1) An insurer or private review agent shall not provide or perform utilization reviews without being registered with the department. A registered insurer or private review agent shall:

(a) Have available the services of sufficient numbers of registered nurses, medical records technicians, or similarly qualified persons supported by licensed physicians with access to consultation with other appropriate physicians to carry out its utilization review activities;

(b) Ensure that, for any contract entered into on or after January 1, 2020, for the provision of utilization review services, only licensed physicians, who are of the same or similar specialty and subspecialty, when possible, as the ordering provider, shall:

1. Make a utilization review decision to deny, reduce, limit, or terminate a health care benefit or to deny, or reduce payment for a health care service because that service is not medically necessary, experimental, or investigational except in the case of a health care service rendered by a chiropractor or optometrist where the denial shall be made respectively by a chiropractor or optometrist duly licensed in Kentucky; and

2. Supervise qualified personnel conducting case reviews;

(c) Have available the services of sufficient numbers of practicing physicians in appropriate specialty areas to assure the adequate review of medical and surgical specialty and subspecialty cases;

(d) Not disclose or publish individual medical records or any other confidential medical information in the performance of utilization review activities except as provided in the Health Insurance Portability and Accountability Act, Subtitle F, secs. 261 to 264 and 45 C.F.R. secs. 160 to 164 and other applicable laws and administrative regulations;

(e) Provide a ***toll-free***~~[toll-free]~~ telephone line for covered persons, authorized persons, and providers to contact the insurer or private review agent and be accessible to covered persons, authorized persons, and providers for forty (40) hours a week during normal business hours in this state;

(f) Where an insurer, its agent, or private review agent provides or performs utilization review, be available to conduct utilization review during normal business hours and extended hours in this state on Monday and Friday through 6:00 p.m., including federal holidays;

(g) Provide decisions to covered persons, authorized persons, and all providers on appeals of adverse determinations and coverage denials of the insurer or private review agent, in accordance with this section and administrative regulations promulgated in accordance with KRS 304.17A-609;

(h) Except for retrospective review of an emergency admission where the covered person remains hospitalized at the time the review request is made, which shall be considered a concurrent review, or as otherwise provided in this subtitle, provide a utilization review decision in accordance with the timeframes in paragraph (i) of this subsection and 29 C.F.R. Part 2560, including written notice of the decision;

(i) 1. Render a utilization review decision concerning urgent health care services, and notify the covered person, authorized person, or provider of that decision no later than twenty-four (24) hours after obtaining all necessary information to make the utilization review decision; and

2. If the insurer or agent requires a utilization review decision of nonurgent health care services, render a utilization review decision and notify the covered person, authorized person, or provider of the decision within five (5) days of obtaining all necessary information to make the utilization review decision.

For purposes of this paragraph, "necessary information" is limited to:

a. The results of any face-to-face clinical evaluation;

b. Any second opinion that may be required; and

c. Any other information determined by the department to be necessary to making a utilization review determination;

(j) Provide written notice of review decisions to the covered person, authorized person, and providers. The written notice may be provided in an electronic format, including ***email***~~[e-mail]~~ or facsimile, if the covered person, authorized person, or provider has agreed in advance in writing to receive the notices electronically. An insurer or agent that denies a step therapy exception, as defined in KRS 304.17A-163, or denies coverage or reduces payment for a treatment, procedure, drug that requires prior approval, or device shall include in the written notice:

1. A statement of the specific medical and scientific reasons for denial or reduction of payment or identifying that provision of the schedule of benefits or exclusions that demonstrates that coverage is not available;

2. The ~~[medical license number and the]~~title of the reviewer making the decision***, except that a written notice provided to a provider shall also include the medical license number of the reviewer making the decision***;

3. Except for retrospective review, a description of alternative benefits, services, or supplies covered by the health benefit plan, if any; and

4. Instructions for initiating or complying with the insurer's internal appeal procedure, as set forth in KRS 304.17A-617, stating, at a minimum, whether the appeal shall be in writing, and any specific filing procedures, including any applicable time limitations or schedules, and the position and phone number of a contact person who can provide additional information;

(k) Afford participating physicians an opportunity to review and comment on all medical and surgical and emergency room protocols, respectively, of the insurer and afford other participating providers an opportunity to review and comment on all of the insurer's protocols that are within the provider's legally authorized scope of practice; and

(l) Comply with its own policies and procedures on file with the department or, if accredited or certified by a nationally recognized accrediting entity, comply with the utilization review standards of that accrediting entity where they are comparable and do not conflict with state law.

(2) The insurer's or private review agent's failure to make a determination and provide written notice within the time frames set forth in this section shall be deemed to be a prior authorization for the health care services or

benefits subject to the review. This provision shall not apply where the failure to make the determination or provide the notice results from circumstances which are documented to be beyond the insurer's control.

(3) An insurer or private review agent shall submit a copy of any changes to its utilization review policies or procedures to the department. No change to policies and procedures shall be effective or used until after it has been filed with and approved by the commissioner.

(4) A private review agent shall provide to the department the names of the entities for which the private review agent is performing utilization review in this state. Notice shall be provided within thirty (30) days of any change.

Signed by Governor April 1, 2025.

CHAPTER 147

(HB 210)

AN ACT relating to dental benefit plans.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS 304.17C-130 TO 304.17C-138 IS CREATED TO READ AS FOLLOWS:

(1) (a) An insurer providing coverage under a dental benefit plan shall honor a written assignment of benefits due under the plan that is:

1. Made:

a. By a covered person to a provider for dental services provided to the covered person; and

b. On a form established by the commissioner in an administrative regulation promulgated in accordance with KRS Chapter 13A and subsection (2) of this section; and

2. Signed by the covered person and the provider.

(b) A provider with a valid assignment under paragraph (a) of this subsection shall provide the following to the insurer when submitting a request for payment pursuant to the assignment:

1. A copy of the dually signed assignment; and

2. Any information or documentation necessary for verifying coverage, or required for claims processing, under the dental benefit plan.

(c) 1. Upon a provider's compliance with paragraph (b) of this subsection, the insurer shall make payments for covered services directly to the provider.

2. A payment made to a provider under subparagraph 1. of this paragraph shall be made according to the same criteria and payment schedule under which the insurer would have been required to make the payment to the covered person if the benefits due under the plan had not been assigned.

(2) The form established by the commissioner under subsection (1)(a)1.b. of this section shall include a notice informing the covered person that:

(a) The provider, as applicable:

1. Is an out-of-network provider;

2. May charge the covered person for noncovered services; and

3. May charge the covered person for any portion of the cost of a covered service that is not reimbursed under the dental benefit plan;

(b) Any assignment of benefits is optional; and

(c) If the covered person has accrued a credit balance on his or her account, the provider shall:

1. Notify the covered person of the credit balance with the provider within thirty (30) days; and

2. a. Except as provided in subdivision b. of this subparagraph, refund any credit balance that has accrued on the covered person's account with the provider within thirty (30) days of receiving a request for refund from the covered person; and

b. If, under the assignment, the provider collects payment from the covered person and subsequently receives payment from the insurer, refund the covered person within thirty (30) days of receiving the payment from the insurer unless the provider and covered person agree otherwise in writing.

(3) (a) An assignment of benefits may be revoked by the covered person, with or without the consent of the provider, by submitting the revocation, in writing, to the insurer.

(b) An insurer that receives a revocation referenced in paragraph (a) of this subsection shall promptly send a dated and time-stamped copy of the revocation to the provider.

(c) A revocation made in accordance with this subsection shall:

1. Become effective when the insurer receives a copy of the revocation; and

2. Only be effective for any charges incurred on or after the effective date established under subparagraph 1. of this paragraph.

(4) This section shall not be construed to limit an insurer's ability to:

(a) Determine the scope of a dental benefit plan's benefits, services, or other terms that are not in conflict with this section; or

(b) Negotiate any contract with a health care provider regarding reimbursement rates or any other lawful provisions that are not in conflict with this section.

➔Section 2. KRS 304.14-250 is amended to read as follows:

Except as provided in ***Section 1 of this Act and*** KRS 304.17A-265 and 304.20-105:

(1) A policy may be assignable or not assignable, as provided by its terms;

(2) Subject to its terms relating to assignability, a life or health insurance policy, regardless of when it was issued, under the terms of which the beneficiary may be changed upon the sole request of the insured or owner, may be assigned either by pledge or transfer of title, by an assignment executed by the insured or owner alone and delivered to the insurer, whether or not the pledgee or assignee is the insurer;

(3) Any assignment of a policy which is otherwise lawful and of which the insurer has received notice shall entitle the insurer to deal with the assignee as the owner or pledgee of the policy in accordance with the terms of the assignment, until the insurer has received at its principal office written notice of the termination of the assignment or pledge or written notice by or on behalf of some interest in the policy in conflict with the assignment; and

(4) (a) Any individual insured under a group insurance policy or group annuity contract shall have the right, unless expressly prohibited under the terms of the policy or contract, to assign to any other person his or her rights and benefits under the policy or contract, including but not limited to the right to designate the beneficiary or beneficiaries and the rights as to conversion provided for in KRS 304.16-180 to 304.16-200, inclusive.

(b) While the assignment is in effect, and regardless of when it was made, the insurer shall be entitled to deal with the assignee as the owner of the rights and benefits in accordance with the terms of the assignment and without prejudice to the insurer on account of any lawful action taken or payment made by the insurer prior to receipt by the insurer at its principal office of written notice of the assignment or of the termination thereof.

(c) This subsection acknowledges, confirms, and codifies the existing right of assignment of interests under group life insurance policies.

➔Section 3. KRS 304.17-130 is amended to read as follows:

(1) There shall be a provision as follows:

"Payment of Claims: Indemnity for loss of life will be payable in accordance with the beneficiary designation and the provisions respecting payment which may be prescribed herein and effective at the time of payment. If no designation or provision is then effective, any indemnity shall be payable to the estate of the insured. Any other accrued indemnities unpaid at the insured's death may, at the option of the insurer, be paid either to a beneficiary or to the estate. All other indemnities will be payable to the insured."

(2) Except as provided in ***Section 1 of this Act and*** KRS 304.17A-265, the following provisions, or either of them, may be included with the provision required under subsection (1) of this section at the option of the insurer:

(a) "If any indemnity of this policy shall be payable to the estate of the insured, or to an insured or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may pay such indemnity, up to an amount not exceeding $.... (insert an amount which shall not exceed $5,000), to any relative by blood or connection by marriage of the insured or beneficiary who is deemed by the insurer to be equitably entitled thereto. Any payment made by the insurer in good faith pursuant to this provision shall fully discharge the insurer to the extent of the payment."; and

(b) "Subject to any written direction of the insured in the application or otherwise, all or a portion of any indemnities provided by this policy on account of hospital, nursing, medical, or surgical services may, at the insurer's option and unless the insured requests otherwise in writing not later than the time of filing proofs of the loss, be paid directly to the hospital or person rendering services, but it is not required that the service be rendered by a particular hospital or person."

➔Section 4. KRS 304.18-090 is amended to read as follows:

Except as provided in ***Section 1 of this Act and*** KRS 304.17A-265:

(1) Subject to subsection (2) of this section, all benefits under any blanket health insurance policy or contract shall be payable to the person insured, or to the person's designated beneficiary or beneficiaries, or to the person's estate, except that if the person insured is a minor or otherwise not competent to give a valid release, the benefits may be made payable to the person's parent, guardian, conservator, or other person actually supporting the minor or person not competent to give a valid release; and

(2) (a) A blanket health insurance policy or contract may provide that all or a portion of any indemnities provided by the policy or contract on account of hospital, nursing, medical, or surgical services may, at the option of the insurer and unless the insured requests otherwise in writing not later than the time of filing proofs of such loss, be paid directly to the hospital or person rendering such services, but the policy or contract may not require that the service be rendered by a particular hospital or person.

(b) Payment made directly to a hospital or other person for all or a portion of any indemnities provided by a blanket health insurance policy or contract shall discharge the obligation of the insurer with respect to the amount of insurance so paid.

➔Section 5. This Act shall apply to policies, plans, and contracts issued or renewed on or after January 1, 2026.

➔Section 6. This Act takes effect January 1, 2026.

Signed by Governor April 1, 2025.

CHAPTER 148

(HB 190)

AN ACT relating to advanced educational opportunities.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 158.6453 is amended to read as follows:

(1) As used in this section:

(a) "Accelerated learning" means an organized way of helping students meet individual academic goals by providing direct instruction to eliminate student performance deficiencies or enable students to move more quickly through course requirements and pursue higher level skill development;

(b) ***"Advanced coursework" means educational programs or opportunities designed to challenge students with more rigorous content beyond the standard curriculum, including but not limited to advanced placement, International Baccalaureate, and honors courses;***

(c) "Constructed-response items" or "performance-based items" means individual test items that require the student to create an answer rather than select a response and may include fill-in-the-blank, short-answer, extended-answer, open-response, and writing-on-demand formats;

(d) ~~[(c)]~~ "Criterion-referenced test" means a test that is aligned with defined academic content standards and measures an individual student's level of performance against the standards;

(e) ~~[(d)]~~ "End-of-course examination" means the same as defined in KRS 158.860;

(f) ~~[(e)]~~ "Formative assessment" means a process used by teachers and students during instruction to adjust ongoing teaching and learning to improve students' achievement of intended instructional outcomes. Formative assessments may include the use of commercial assessments, classroom observations, teacher-designed classroom tests and assessments, and other processes and assignments to gain information about individual student learning;

(g) ~~[(f)]~~ "Interim assessments" means assessments that are given periodically throughout the year to provide diagnostic information and to show individual student performance against content standards;

(h) ~~[(g)]~~ "Summative assessment" means an assessment given at the end of the school year, semester, or other period of time to evaluate students' performance against content standards within a unit of instruction or a course; and

(i) ~~[(h)]~~ "Writing" means a purposeful act of thinking and expression that uses language to explore ideas and communicate meaning to others. Writing is a complex, multifaceted act of communication and is distinct from basic handwriting or penmanship.

(2) (a) Beginning in fiscal year 2017-2018, and every six (6) years thereafter, the Kentucky Department of Education shall implement a process for reviewing Kentucky's academic standards and the alignment of corresponding assessments for possible revision or replacement to ensure alignment with transition readiness standards necessary for global competitiveness, state career and technical education standards, and KRS 158.196.

(b) The revisions to the content standards shall:

1. Focus on critical knowledge, skills, and capacities needed for success in the global economy;

2. Result in fewer but more in-depth standards to facilitate mastery learning;

3. Communicate expectations more clearly and concisely to teachers, parents, students, and citizens;

4. Be based on evidence-based research;

5. Consider international benchmarks; and

6. Ensure that the standards are aligned from elementary to high school to postsecondary education so that students can be successful at each education level.

(c) 1. The department shall establish four (4) standards and assessments review committees, with each committee composed of a minimum of six (6) Kentucky public school teachers and a minimum of two (2) representatives from Kentucky institutions of higher education, including at least one (1) representative from a public institution of higher education. Each committee member shall teach in the subject area that his or her committee is assigned to review and have no prior or current affiliation with a curriculum or assessment resources vendor.

2. One (1) of the four (4) committees shall be assigned to focus on the review of language arts and writing academic standards and assessments, one (1) on the review of mathematics academic standards and assessments, one (1) on the review of science academic standards and assessments, and one (1) on the review of social studies academic standards and assessments.

(d) 1. The department shall establish twelve (12) advisory panels to advise and assist each of the four (4) standards and assessments review committees.

2. Three (3) advisory panels shall be assigned to each standards and assessments review committee. One (1) panel shall review the standards and assessments for kindergarten through grade five (5), one (1) shall review the standards and assessments for grades six (6) through eight (8), and one (1) shall review the standards and assessments for grades nine (9) through twelve (12).

3. Each advisory panel shall be composed of at least one (1) representative from a Kentucky institution of higher education and a minimum of six (6) Kentucky public school teachers who teach in the grade level and subject reviewed by the advisory panel to which they are assigned and have no prior or current affiliation with a curriculum or assessment resources vendor.

(e) The commissioner of education and the president of the Council on Postsecondary Education shall also provide consultants for the standards and assessments review committees and the advisory panels who are business and industry professionals actively engaged in career fields that depend on the various content areas.

(f) 1. The standards and assessments process review committee is hereby established and shall be composed of the commissioner of education or designee as a nonvoting member and nine (9) voting representatives of public schools, of whom at least two (2) shall be parents of public school students, appointed by the Governor and confirmed by the Senate in accordance with KRS 11.160 as follows:

a. One (1) language arts teacher;

b. One (1) math teacher;

c. One (1) science teacher;

d. One (1) social studies teacher;

e. Two (2) school principals;

f. Two (2) school superintendents; and

g. One (1) school board member.

2. On making appointments to the committee, the Governor shall ensure broad geographical urban and rural representation and representation of elementary, middle, and high school levels; ensure equal representation of the two (2) sexes, inasmuch as possible; and ensure that appointments reflect the minority racial composition of the Commonwealth.

3. The review of the committee shall be limited to the procedural aspects of the review process undertaken prior to its consideration.

4. Notwithstanding KRS 12.028, the committee shall not be subject to reorganization by the Governor.

(g) 1. The review process implemented under this subsection shall be an open, transparent process that allows all Kentuckians an opportunity to participate. The department shall ensure the public's assistance in reviewing and suggesting changes to the standards and alignment adjustments to corresponding state assessments by establishing a website dedicated to collecting comments by the public and educators. An independent third party, which has no prior or current affiliation with a curriculum or assessment resources vendor, shall be selected by the department to collect and transmit the comments to the department for dissemination to the appropriate advisory panel for review and consideration.

2. Each advisory panel shall review the standards and assessments for its assigned subject matter and grade level and the suggestions made by the public and educators. After completing its review, each advisory panel shall make recommendations for changes to the standards and alignment adjustments for assessments to the appropriate standards and assessments review committee.

3. Each standards and assessments review committee shall review the findings and make recommendations to revise or replace existing standards and to adjust alignment of assessments.

4. The recommendations shall be published on the website established in this subsection for the purpose of gathering additional feedback from the public. The commissioner shall subsequently present the recommendations and the public feedback to the Interim Joint Committee on Education.

5. The commissioner shall subsequently provide a report to the standards and assessments process review committee summarizing the process conducted under this subsection and the resulting recommendations. The report shall include but not be limited to the timeline of the review process, public feedback, and responses from the Interim Joint Committee on Education.

6. After receiving the commissioner's report, the standards and assessments process review committee shall either concur that stakeholders have had adequate opportunity to provide input on standards and the corresponding alignment of state assessments or find the input process deficient. If the process is found deficient, the recommendations may be returned to the appropriate standards and assessments review committee for review as described in subparagraph 3. of this paragraph. If the process is found sufficient, the recommendations shall be forwarded without amendment to the Kentucky Board of Education.

(h) The Kentucky Board of Education shall promulgate administrative regulations in accordance with KRS Chapter 13A as may be needed for the administration of the review process, including staggering the timing and sequence of the review process by subject area and remuneration of the review committees and advisory panels described in paragraphs (c) and (d) of this subsection.

(i) 1. The Kentucky Board of Education shall consider for approval the revisions to academic standards for a content area and the alignment of the corresponding state assessment once recommendations are received from the standards and assessments process review committee. Existing state academic standards shall remain in place until the board approves new standards.

2. Any revision to, or replacement of, the academic standards and assessments as a result of the review process conducted under this subsection shall be implemented in Kentucky public schools no later than the second academic year following the review process. Existing academic standards shall be used until new standards are implemented.

3. The Department of Education shall disseminate the academic content standards to the schools and teacher preparation programs.

(j) The Department of Education shall provide or facilitate statewide training sessions for existing teachers and administrators on how to:

1. Integrate the revised content standards into classroom instruction;

2. Better integrate performance assessment of students within their instructional practices; and

3. Help all students use higher-order thinking and communication skills.

(k) The Education Professional Standards Board in cooperation with the Kentucky Board of Education and the Council on Postsecondary Education shall coordinate information and training sessions for faculty and staff in all of the teacher preparation programs in the use of the revised academic content standards. The Education Professional Standards Board shall ensure that each teacher preparation program includes use of the academic standards in the pre-service education programs and that all teacher interns will have experience planning classroom instruction based on the revised standards.

(l) The Council on Postsecondary Education in cooperation with the Kentucky Department of Education and the postsecondary education institutions in the state shall coordinate information sessions regarding the academic content standards for faculty who teach in the various content areas.

(3) (a) The Kentucky Board of Education shall be responsible for creating and implementing a balanced statewide assessment program that measures the students', schools', and districts' achievement of the goals set forth in KRS 158.645 and 158.6451, to ensure compliance with the federal Every Student Succeeds Act of 2015, Pub. L. No. 114-95, or its successor, and to ensure school accountability.

(b) The board shall revise the annual statewide assessment program as needed in accordance with revised academic standards and corresponding assessment alignment adjustments approved by the board under subsection (2) of this section.

(c) The statewide assessments shall not include any academic standards not approved by the board under subsection (2) of this section.

(d) The board shall seek the advice of the Office of Education Accountability; the School Curriculum, Assessment, and Accountability Council; the Education Assessment and Accountability Review Subcommittee, and the department's technical advisory committee in the development of the assessment program. The statewide assessment program shall not include measurement of a student's ability to become a self-sufficient individual or to become a responsible member of a family, work group, or community.

(4) (a) The academic components of the statewide assessment program shall be composed of annual student summative tests, which may include a combination of multiple competency-based assessment and performance measures approved by the Kentucky Board of Education.

(b) The annual student summative tests shall:

1. Measure individual student achievement in language, reading, English, mathematics, science, and social studies at designated grades;

2. Provide teachers and parents a valid and reliable comprehensive analysis of skills mastered by individual students;

3. Provide diagnostic information that identifies strengths and academic deficiencies of individual students in the content areas;

4. Provide information to teachers that can enable them to improve instruction for current and future students;

5. Provide longitudinal profiles for students; and

6. Ensure school and district accountability for student achievement of the goals set forth in KRS 158.645 and 158.6451, except the statewide assessment program shall not include measurement of a student's ability to become a self-sufficient individual or to become a responsible member of a family, work group, or community.

(5) The state student assessments shall include the following components:

(a) Elementary and middle grades requirements are:

1. A criterion-referenced test each in mathematics and reading in grades three (3) through eight (8) that is valid and reliable for an individual student and that measures the depth and breadth of Kentucky's academic content standards;

2. A criterion-referenced test each in science and social studies that is valid and reliable for an individual student as necessary to measure the depth and breadth of Kentucky's academic content standards to be administered one (1) time within the elementary and middle grades, respectively;

3. An on-demand assessment of student writing to be administered one (1) time within the elementary grades and one (1) time within the middle grades; and

4. An editing and mechanics test relating to writing, using multiple choice and constructed response items, to be administered one (1) time within the elementary and the middle grades, respectively;

(b) High school requirements are:

1. A criterion-referenced test in mathematics, reading, and science that is valid and reliable for an individual student and that measures the depth and breadth of Kentucky's academic content standards to be administered one (1) time within the high school grades;

2. A criterion-referenced test in social studies that is valid and reliable for an individual student as necessary to measure the depth and breadth of Kentucky's academic content standards to be administered one (1) time within the high school grades;

3. An on-demand assessment of student writing to be administered one (1) time within the high school grades;

4. An editing and mechanics test relating to writing, using multiple choice and constructed response items, to be administered one (1) time within the high school grades; and

5. A college admissions examination to assess English, reading, mathematics, and science in the spring of grade eleven (11);

(c) The Kentucky Board of Education shall add any other component necessary to comply with the Every Student Succeeds Act of 2015, Pub. L. No. 114-95, or its successor, as determined by the United States Department of Education;

(d) The criterion-referenced components required in this subsection shall be composed of constructed response items and multiple choice items;

(e) The Kentucky Board of Education may incorporate end-of-course examinations into the assessment program to be used in lieu of requirements for criterion-referenced tests required under paragraph (b) of this subsection; and

(f) The results of the assessment program developed under this subsection shall be used by schools and districts to determine appropriate instructional modifications for all students in order for students to make continuous progress, including that needed by advanced learners.

(6) Each school district shall administer the statewide student assessment during the last fourteen (14) days of school in the district's instructional calendar. The Kentucky Board of Education may change the testing window to allow for innovative assessment systems or other online test administration and shall promulgate administrative regulations that minimize the number of days of testing and outline the procedures to be used during the testing process to ensure test security, including procedures for testing makeup days, and to comply with federal assessment requirements.

(7) A student enrolled in a district-operated or district-contracted alternative program shall participate in the appropriate assessments required by this section.

(8) A local school district may select and use commercial interim or formative assessments or develop and use its own formative assessments to provide data on how well its students are growing toward mastery of Kentucky academic standards, so long as the district's local school board develops a policy minimizing the reduction in instructional time related to the administration of the interim assessments. Nothing in this section precludes teachers from using ongoing teacher-developed formative processes.

(9) Each school that enrolls primary students shall use diagnostic assessments and prompts that measure readiness in reading and mathematics for its primary students as determined by the school to be developmentally appropriate. The schools may use commercial products, use products and procedures developed by the district, or develop their own diagnostic procedures. The results shall be used to inform the teachers and parents or guardians of each student's skill level.

(10) The state board shall ensure that a technically sound longitudinal comparison of the assessment results for the same students shall be made available.

(11) The following provisions shall apply to the college admissions examination described in subsection (5)(b)5. of this section:

(a) The cost of the college admissions examination administered to students in high school shall be paid for by the Kentucky Department of Education. The costs of additional college admissions examinations shall be the responsibility of the student;

(b) If funds are available, the Kentucky Department of Education shall provide a college admissions examination preparation program to all public high school juniors. The department may contract for necessary services; and

(c) Accommodations provided to a student with a disability taking the college admissions assessment under this subsection shall consist of:

1. Accommodations provided in a manner allowed by the college admissions assessment provider when results in test scores are reportable to a postsecondary institution for admissions and placement purposes, except as provided in subparagraph 2. of this paragraph; or

2. Accommodations provided in a manner allowed by a student's individualized education program as defined in KRS 158.281 for a student whose disability precludes valid assessment of his or her academic abilities using the accommodations provided under subparagraph 1. of this paragraph when the student's scores are not reportable to a postsecondary institution for admissions and placement purposes.

(12) Kentucky teachers shall have a significant role in providing feedback about the design of the assessments, except for the college admissions exam described in subsection (5)(b)5. of this section. The assessments shall be designed to:

(a) Measure grade appropriate core academic content, basic skills, and higher-order thinking skills and their application;

(b) Provide valid and reliable scores for schools. If scores are reported for students individually, they shall be valid and reliable;

(c) Minimize the time spent by teachers and students on assessment; and

(d) Assess Kentucky academic standards only.

(13) The results from assessment under subsections (3) and (5) of this section shall be reported to the school districts and schools no later than seventy-five (75) days following the last day the assessment can be administered. Assessment reports provided to the school districts and schools shall include an electronic copy of an operational subset of test items from each assessment administered to their students and the results for each of those test items by student and by school.

(14) The Department of Education shall gather information to establish the validity of the assessment and accountability program. It shall develop a biennial plan for validation studies that shall include but not be limited to the consistency of student results across multiple measures, the congruence of school scores with documented improvements in instructional practice and the school learning environment, and the potential for all scores to yield fair, consistent, and accurate student performance level and school accountability decisions. Validation activities shall take place in a timely manner and shall include a review of the accuracy of scores assigned to students and schools, as well as of the testing materials. The plan shall be submitted to the Commission by July 1 of the first year of each biennium. A summary of the findings shall be submitted to the Legislative Research Commission by September 1 of the second year of the biennium.

(15) The Department of Education and the state board shall offer optional assistance to local school districts and schools in developing and using continuous assessment strategies needed to ensure student progress. The continuous assessment shall provide diagnostic information to improve instruction to meet the needs of individual students.

(16) The Administration Code for Kentucky's Assessment Program shall include prohibitions of inappropriate test preparation activities by school district employees charged with test administration and oversight, including but not limited to the issue of teachers being required to do test practice in lieu of regular classroom instruction and test practice outside the normal work day. The code shall include disciplinary sanctions that may be taken toward a school or individuals.

(17) The Kentucky Board of Education, after the Department of Education has received advice from the Office of Education Accountability; the School Curriculum, Assessment, and Accountability Council; and the department's technical advisory committee, shall promulgate an administrative regulation under KRS Chapter 13A to establish the components of a reporting structure for assessments administered under this section. The reporting structure shall include the following components:

(a) A school report card that clearly communicates with parents and the public about school performance. The school report card shall be sent to the parents of the students of the districts, and information on electronic access to a summary of the results for the district shall be published in the newspaper with the largest circulation in the county. It shall include but not be limited to the following components reported by race, gender, and disability when appropriate:

1. Student academic achievement, including the results from each of the assessments administered under this section;

2. For Advanced Placement, Cambridge Advanced International, and International Baccalaureate, the courses offered, the number of students enrolled, completing, and taking the examination for each course, and the percentage of examinees receiving a score of three (3) or better on AP examinations, a score of "e" or better on Cambridge Advanced International examinations, or a score of four (4) or better on IB examinations. The data shall be disaggregated by gender, race, students with disabilities, and economic status;

3. Nonacademic achievement, including the school's attendance, retention, graduation rates, and student transition to postsecondary;

4. School learning environment, including measures of parental involvement; and

5. Any other school performance data required by the Every Student Succeeds Act of 2015, Pub. L. No. 114-95, or its successor;

(b) An individual student report to parents for each student in grades three (3) through eight (8) summarizing the student's skills in reading, science, social studies, and mathematics. The school's staff shall develop a plan for accelerated learning for any student with identified deficiencies or strengths; and

(c) A student's score on the college admissions assessment administered under subsection (5)(b)5. of this section.

(18) (a) Beginning in fiscal year 2017-2018, and every six (6) years thereafter, the Kentucky Department of Education shall implement a comprehensive process for reviewing and revising the academic standards in visual and performing arts and practical living skills and career studies for all levels and in foreign language for middle and high schools. The department shall develop review committees for the standards for each of the content areas that include representation from certified specialist public school teachers and postsecondary teachers in those subject areas.

(b) The academic standards in practical living skills for elementary, middle, and high school levels shall include a focus on drug abuse prevention, with an emphasis on the prescription drug epidemic and the connection between prescription opioid abuse and addiction to other drugs, such as heroin and synthetic drugs.

(c) The department shall provide to all schools guidelines for programs that incorporate the adopted academic standards in visual and performing arts and practical living and career studies. The department shall provide to middle and high schools guidelines for including a foreign language program. The guidelines shall address program length and time, courses offered, staffing, resources, and facilities.

(d) The Kentucky Department of Education, in consultation with certified public school teachers of visual and performing arts, may develop program standards for the visual and performing arts.

(19) The Kentucky Department of Education shall provide to all school districts guidelines for including an effective writing program within the curriculum.

(20) (a) The Kentucky Department of Education, in consultation with the review committees described in subsection (18) of this section, shall develop a school profile report to be used by all schools to document how they will address the adopted academic standards in their implementation of the programs as described in subsection (18) of this section, which may include student opportunities and experiences in extracurricular activities. The department shall include the essential workplace ethics program on the school profile report.

(b) By October 1 of each year, each school principal shall complete the school profile report, which shall be signed by the members of the school council, or the principal if no school council exists, and the superintendent. The report shall be electronically transmitted to the Kentucky Department of Education, and the original shall be maintained on file at the local board office and made available to the public upon request. The department shall include a link to each school's profile report on its website.

(c) If a school staff member, student, or a student's parent has concerns regarding deficiencies in a school's implementation of the programs described in subsection (18) of this section, he or she may submit a written inquiry to the school council.

(21) (a) No later than December 1, 2025, each local board of education shall adopt a district plan establishing clear policies on the promotion of advanced coursework or accelerated learning in language arts, mathematics, social studies, and science by grade level for students in grades four (4) to twelve (12).

(b) The district plan required by paragraph (a) of this subsection shall:

1. Be published on a publicly accessible location on the district website;

2. Describe the strategies and approach to advanced coursework or accelerated learning options by grade level for language arts, mathematics, social studies, and science; and

3. Require that the service delivery options for students identified as gifted and talented in language arts, mathematics, social studies, and science include the following for each grade level and subject area:

a. i. Accelerated learning; or

ii. Advanced coursework; and

b. At least one (1) of the following service delivery options:

i. Collaborative teaching and consultation services;

ii. Special counseling services;

iii. Differentiated study experiences for individuals and cluster groups in the regular classroom;

iv. Distance learning;

v. Enrichment services that are not extracurricular during the school day;

vi. Independent study;

vii. Mentorships;

viii. Resource services delivered in a pull-out classroom or other appropriate instructional setting;

ix. Seminars;

x. Travel study options; or

xi. Special schools or self-contained classrooms for students in grades four (4) through twelve (12) only.

(c) The district plan required by paragraph (a) of this subsection may:

1. Automatically enroll a student who scores distinguished in any subject area on the most recent statewide assessment for which scores are available in available advanced coursework for that subject area and any corresponding subject area designated by the local board of education;

2. Include eligibility criteria for qualification for available advanced coursework for all other students;

3. Require written consent from a parent or guardian of a student to withdraw or exclude a student that is eligible for advanced coursework according to the district plan from that advanced coursework. If a student requests to withdraw from advanced coursework to pursue another educational opportunity, a principal may withdraw the student without written consent from a parent or guardian only after a good faith attempt to contact the parent or guardian is unsuccessful; and

4. Permit a principal to withdraw a student from advanced coursework without written consent from his or her parent or guardian if the student's participation in advanced coursework would have an adverse educational impact on a student, including interference with his or her career pathway, access to career and technical education coursework, or another educational opportunity.

(22) (a) The Kentucky Board of Education may promulgate administrative regulations in accordance with KRS Chapter 13A to administer the provisions of subsection (21) of this section.

(b) By December 1, 2025, the Kentucky Department of Education, in collaboration with local school districts, shall establish school district recommendations for the consistent use of preliminary assessment data and other criteria to identify students prepared for advanced coursework.

➔Section 2. KRS 160.348 is amended to read as follows:

(1) (a) The Kentucky Department of Education shall make available to~~[middle and high]~~ schools information concerning the prerequisite content necessary for success in ***advanced coursework, including*** secondary courses, Advanced Placement or AP courses, and International Baccalaureate or IB courses. The department shall provide sample syllabi, instructional resources, and instructional supports for

teachers that will assist in preparing students for more rigorous coursework.~~[Instructional supports shall include professional development for assisting students enrolled in the Kentucky Virtual High School or other virtual learning settings.]~~

(b) Each ~~[secondary]~~school-based decision making council***, or principal if none exists,*** shall offer a core curriculum of AP, IB, dual enrollment, ~~[or]~~dual credit courses, ***or other advanced coursework*** using either or both on-site instruction or ***online***~~[electronic instruction through the Kentucky Virtual High School or other on line]~~ alternatives. In addition, each school-based decision making council shall comply with any additional requirements for AP, IB, dual enrollment,~~[and]~~ dual credit***, and advanced coursework*** courses that may be established cooperatively by the Kentucky Department of Education, the Education Professional Standards Board, and the Council on Postsecondary Education in accordance with the definitions in KRS 158.007.

(c) When practicable, the school-based decision making council, or principal if none exists, shall offer advanced coursework, as defined in Section 1 of this Act, in mathematics, reading, science, and English language arts for students in grades four (4) through twelve (12).

(2) ***Every***~~[Each secondary]~~ school-based decision making council***, or principal if none exists,*** shall establish a policy ***that is consistent with any district plan adopted by a local board of education in accordance with subsection (21) of Section 1 of this Act*** on the recruitment and assignment of students to ***advanced coursework options in accordance with paragraph (b) of this subsection***~~[AP, IB, dual enrollment, and dual credit courses]~~ that recognizes that all students have the right to participate in a rigorous and academically challenging curriculum. ***The policy shall require that the school notifies all students, parents, and guardians of the:***

(a) Long-term benefits of student participation in advanced coursework; and

(b) Advanced coursework opportunities available at the school.

(3) ~~[All]~~Students~~[who are willing to accept the challenge of a rigorous academic curriculum]~~ shall be admitted to ***advanced coursework in accordance with the district plan adopted in accordance with subsection (21) of Section 1 of this Act***~~[AP courses, including AP courses offered through the Kentucky Virtual High School and accepted for credit toward graduation under KRS 158.622(3)(a), IB courses, dual enrollment courses, and dual credit courses, if they have successfully completed the prerequisite coursework or have otherwise demonstrated mastery of the prerequisite content knowledge and skills as determined by measurable standards. If a school does not offer an AP course in a particular subject area, the school shall permit a qualified student to enroll in the AP course offered by the Kentucky Virtual High School and receive credit toward graduation under KRS 158.622(3)(a)]~~.

(4) Students that successfully complete high school advanced coursework shall receive credit toward graduation in accordance with KRS 158.622(3).

(5)~~[(3)]~~ ~~[Effective with the 2008-2009 school year and thereafter,]~~Students enrolled in AP or IB courses in the public schools shall have the cost of the examinations paid by the Kentucky Department of Education.

Signed by Governor April 1, 2025.

CHAPTER 149

(SB 181)

AN ACT relating to children.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 160 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Family member" means a parent, brother, sister, son, daughter, aunt, uncle, or grandparent;

(b) "Parent" means a parent, legal guardian, or other person or agency responsible for a student;

(c) "School district employee or volunteer" means a school administrator, classified or certified employee of a school district, school volunteer, nonfaculty coach or assistant coach, student teacher, or sponsor of an extracurricular program or activity;

(d) "Traceable communication system" means one (1) or more electronic school notification and communication programs or applications that:

1. Are designated by a local board of education in accordance with subsection (2) of this section;

2. Trace all communications sent to or by a student; and

3. Provide parents an opportunity to access and review those communications; and

(e) "Unauthorized electronic communication":

1. Means an electronic communication with a student by a school district employee or volunteer who is not the student's family member that occurs outside of a designated traceable communication system and without prior written parental consent; and

2. Includes any personal email account, text messaging, social media, or other electronic notification and communication programs outside of the traceable communication system.

(2) Each local board of education shall designate a traceable communication system to be the exclusive means for a school district employee or volunteer to communicate electronically with students. The principal of each public school shall provide parents written or electronic notification within the first ten (10) days of the school year of each electronic school notification and communication program designated within the traceable communication system. The notification shall include instructions for parents to access and review communications sent through each electronic school notification and communication program.

(3) (a) Except as provided in subsections (4) and (5) of this section, a school district employee or volunteer shall not communicate electronically with a student:

1. Outside of the traceable communication system designated by the local board of education; or

2. Through an unauthorized electronic communication program or application.

(b) A school district employee that violates paragraph (a) of this subsection shall be subject to disciplinary action in accordance with:

1. For certified employees, Section 2 of this Act and KRS 161.790; or

2. For classified employees, KRS 161.011(7).

(c) A school volunteer that violates paragraph (a) of this subsection shall be prohibited from future school volunteer opportunities.

(4) A parent may submit written consent to authorize a designated school district employee or volunteer who is not a family member to communicate electronically with his or her child outside of the traceable communication system. The written consent:

(a) Shall be filed in the administrative office of the student's school prior to any electronic communication being sent from a school district employee or volunteer to a student outside of the traceable communication system;

(b) Shall designate a single, specific school district employee or volunteer per each consent form that may communicate with the student outside of the traceable communication system and shall not be transferable to any other school district employee or volunteer;

(c) May be revoked by a parent at any time;

(d) May establish terms limiting electronic communication with a student, including a term requiring that a parent be included as a direct party to all electronic communications sent to the student outside of the traceable communication system or establishing an expiration for the term of the consent. Any electronic communication with a student outside of the traceable communication system shall comply with all terms of the written consent; and

(e) Shall not authorize a school district employee to engage in inappropriate or sexual electronic communication with a student or be used as a basis of a defense for a school district employee that engages in inappropriate or sexual electronic communication.

(5) Notwithstanding subsections (2) and (3) of this section, this section shall not restrict any electronic communications between a student and his or her family member who is a school district employee or volunteer.

(6) (a) A school district employee or volunteer that receives a report alleging that another school district employee participated in unauthorized electronic communication shall immediately notify the supervising principal. If the subject of the report is the principal, the employee shall immediately notify the superintendent of the school district. If the subject of the report is the superintendent, the employee shall immediately notify the commissioner of education and the chair of the local board of education.

(b) A school district employee that violates paragraph (a) of this subsection shall be subject to disciplinary action in accordance with:

1. For certified employees, Section 2 of this Act and KRS 161.790; or

2. For classified employees, KRS 161.011(7).

(7) (a) Upon receipt of a report alleging that a school district employee or volunteer participated in unauthorized electronic communication, the commissioner of education, a principal, or a superintendent shall immediately:

1. Notify the parent of each student that is an alleged party to the unauthorized electronic communications; and

2. a. If the individual that is the subject of the report is a certified employee:

i. Notify the Education Professional Standards Board, which shall promptly investigate all allegations received under this subsection and proceed with appropriate disciplinary actions in accordance with Section 2 of this Act; and

ii. Investigate the underlying allegations and proceed with appropriate disciplinary actions in accordance with KRS 161.790;

b. If the individual that is the subject of the report is a classified employee, investigate the underlying allegations and proceed with appropriate disciplinary actions in accordance with KRS 161.011(7); and

c. If the individual that is the subject of the report is a school or district volunteer, the school or district shall investigate the underlying allegations and, if substantiated, the volunteer shall be prohibited from future school and district volunteer opportunities.

(b) A principal or superintendent who violates paragraph (a) of this subsection shall be subject to disciplinary action in accordance with Section 2 of this Act and KRS 156.132.

➔Section 2. KRS 161.120 is amended to read as follows:

(1) Except as described in KRS 161.795, the Education Professional Standards Board may revoke, suspend, or refuse to issue or renew; impose probationary or supervisory conditions upon; issue a written reprimand or admonishment; or any combination of those actions regarding any certificate issued under KRS 161.010 to 161.100, or any certificate or license issued under any previous law to superintendents, principals, teachers, substitute teachers, interns, supervisors, directors of pupil personnel, or other administrative, supervisory, or instructional employees for the following reasons:

(a) Being convicted of, or entering an "Alford" plea or plea of nolo contendere to, notwithstanding an order granting probation or suspending imposition of any sentence imposed following the conviction or entry of the plea, one (1) of the following:

1. A felony;

2. A misdemeanor under KRS Chapter 218A, 508, 509, 510, 522, 525, 529, 530, or 531; or

3. A misdemeanor involving a student or minor.

A certified copy of the conviction or plea shall be conclusive evidence of the conviction or plea;

(b) Having sexual contact as defined in KRS 510.010(7) with a student or minor. Conviction in a criminal proceeding shall not be a requirement for disciplinary action;

(c) Committing any act that constitutes fraudulent, corrupt, dishonest, or immoral conduct. If the act constitutes a crime, conviction in a criminal proceeding shall not be a condition precedent to disciplinary action;

(d) Demonstrating willful or careless disregard for the health, welfare, or safety of others;

(e) Physical or mental incapacity that prevents the certificate holder from performing duties with reasonable skill, competence, or safety;

(f) Possessing, using, or being under the influence of alcohol, which impairs the performance of duties;

(g) Unlawfully possessing or unlawfully using a drug during the performance of duties;

(h) Incompetency or neglect of duty;

(i) Making, or causing to be made, any false or misleading statement or concealing a material fact in obtaining issuance or renewal of any certificate;

(j) Failing to report as required by subsection (3) of this section;

(k) Failing to comply with an order of the Education Professional Standards Board;

(l) Violating any state statute relating to schools or the teaching profession;

(m) Violating the professional code of ethics for Kentucky school certified personnel established by the Education Professional Standards Board through the promulgation of administrative regulation;

(n) Violating any administrative regulation promulgated by the Education Professional Standards Board or the Kentucky Board of Education; or

(o) Receiving disciplinary action or having the issuance of a certificate denied or restricted by another jurisdiction on grounds that constitute a violation of this subsection.

(2) The Education Professional Standards Board shall respond to complaints against a certificate holder by the following process:

(a) ***1.*** ***Except as provided in subparagraph 2. of this paragraph,*** within thirty (30) calendar days of the receipt of a completed complaint, board staff shall conduct an initial review to determine whether there is sufficient evidence that a violation may have occurred and shall provide notice of the initial determination to the certificate holder within seven (7) business days that shall include the complete copy of the report and all underlying relevant documents and records***. If the complaint alleges unauthorized electronic communication as defined in Section 1 of this Act, sexual contact, or other sexual misconduct, the identity of a complainant that is not the superintendent and any identifying information of the minor involved in the complaint shall remain confidential.***~~[;]~~

2. When a complaint alleges unauthorized electronic communication, as defined in Section 1 of this Act, sexual contact, or other sexual misconduct, the board staff shall have one hundred twenty (120) days to conduct the initial review required by subparagraph 1. of this paragraph;

(b) Upon receipt of the notice, the certificate holder shall have thirty (30) calendar days to respond or provide a rebuttal to any complaint that was determined to contain sufficient evidence that a violation may have occurred. The response period shall be extended an additional thirty (30) calendar days upon the certificate holder's written request submitted to the board;

(c) Within ten (10) business days of the receipt of the certificate holder's response or the end of the response period established in paragraph (b) of this subsection, board staff shall conduct another review of the complaint to determine if sufficient evidence exists to support a violation. If the board staff determines that the evidence is:

1. Insufficient, then the board staff shall recommend dismissal and shall notify the certificate holder and the complainant of the recommendation within seven (7) business days of the determination; or

2. Sufficient, then the board staff shall have seven (7) business days to notify the certificate holder and the complainant of the determination. Notice to the complainant shall only state that further proceedings will occur;

(d) Upon a determination that sufficient evidence exists to support a possible violation, within the notice required under paragraph (c)2. of this subsection, board staff shall initiate an in-person or virtual conference with the certificate holder to share information and to determine if an agreed resolution can be recommended to the board concerning the alleged violation. The conference shall be scheduled within thirty (30) calendar days of the determination. The certificate holder may decline the conference. If the conference does not occur due to the certificate holder's failure to respond within the thirty (30) calendar days, the required conference shall be considered waived. The certificate holder may have an attorney present at the conference;

(e) Upon the conclusion of the thirty (30) calendar days conference period, the board shall act on the complaint within thirty (30) calendar days. If the board fails to act on the complaint within the thirty (30) calendar days, then the complaint shall be considered dismissed. The board shall consider the entirety of the complaint with any associated response or recommended agreed resolution to determine:

1. Dismissal, conditional dismissal upon completion of training, admonishment, further investigation, or initiation of a hearing;

2. Approval of the recommended agreed resolution; or

3. A deferral if:

a. The content of the complaint is subject to ongoing:

i. Criminal investigation or proceedings;

ii. Child abuse, dependency, or neglect investigation by an authorized state agency; or

iii. Teacher tribunal process as provided in KRS 161.790; or

b. The deferral is agreed to by the certificate holder; and

(f) The provision of a confirmation of receipt from the board to the certificate holder whenever the certificate holder submits a response or correspondence to the board.

(3) (a) The superintendent of each local school district shall report in writing to the Education Professional Standards Board the name, address, phone number, Social Security number, and position name of any certified school employee in the employee's district whose contract is terminated or not renewed, for cause except failure to meet local standards for quality of teaching performance prior to the employee gaining tenure; who resigns from, or otherwise leaves, a position under threat of contract termination, or nonrenewal, for cause; who is convicted in a criminal prosecution; or who otherwise may have engaged in any actions or conduct while employed in the school district that might reasonably be expected to warrant consideration for action against the certificate under subsection (1) of this section. The duty to report shall exist without regard to any disciplinary action, or lack thereof, by the superintendent, and the required report shall be submitted within thirty (30) calendar days of the event giving rise to the duty to report.

(b) The district superintendent shall inform the Education Professional Standards Board in writing of the full facts and circumstances leading to the contract termination or nonrenewal, resignation, or other absence, conviction, or otherwise reported actions or conduct of the certified employee, that may warrant action against the certificate under subsection (1) of this section, and shall forward copies of all relevant documents and records in his ***or her*** possession.

(c) The Education Professional Standards Board shall provide the superintendent confirmation of receipt of any report submitted by the superintendent within seven (7) business days and shall provide the superintendent with notice of:

1. Whether or not board staff determine that there is sufficient evidence in the report that a violation may have occurred; and

2. Any board action taken against the certificate holder who is the subject of the report.

(d) The Education Professional Standards Board may consider reports and information received from other sources.

(e) The certified school employee shall be given a copy of any report provided to the Education Professional Standards Board by the district superintendent or other sources. The employee shall have

the right to file a written rebuttal pursuant to subsection (2) of this section to the report which shall be placed in the official file with the report.

(4) A finding or action by a school superintendent or tribunal does not create a presumption of a violation or lack of a violation of subsection (1) of this section.

(5) The board may issue a written admonishment to the certificate holder if the board determines, based on the evidence, that a violation has occurred that is not of a serious nature. A copy of the written admonishment shall be placed in the official file of the certificate holder. The certificate holder may respond in writing to the admonishment within thirty (30) calendar days of receipt and have that response placed in his ***or her*** official certification file. Alternatively, the certificate holder may file a request for a hearing with the board within thirty (30) calendar days of receipt of the admonishment. Upon receipt of a request for a hearing, the board shall set aside the written admonishment and set the matter for hearing pursuant to the provisions of KRS Chapter 13B within thirty (30) calendar days of receipt of the request.

(6) (a) In accordance with the timeline specified in this section, the Education Professional Standards Board shall schedule and conduct a hearing in accordance with KRS Chapter 13B:

1. Upon determining that a complaint warrants possible revoking, suspending, refusing to renew, imposing probationary or supervisory conditions upon, issuing a written reprimand, or any combination of these actions regarding any certificate;

2. After denying an application for a certificate, upon written request filed within thirty (30) calendar days of receipt of the letter advising of the denial; or

3. After issuing a written admonishment, upon written request for a hearing filed within thirty (30) calendar days of receipt of the written admonishment.

(b) If after the hearing required under paragraph (a) of this subsection is scheduled and the certificate holder or applicant believes the hearing is not timely, the certificate holder or applicant may submit a request for an expedited hearing, and the hearing shall be conducted within sixty (60) calendar days of the request.

(c) Upon request, a hearing may be public or private at the discretion of the certified employee or applicant.

(d) The hearing shall be conducted before a hearing officer secured by the board pursuant to KRS 13B.030 and the board may:

1. Employ hearing officers;

2. Contract with another agency for hearing officers;

3. Contract with private attorneys through personal service contracts; or

4. Secure a hearing officer from the Attorney General's office.

(e) The hearing shall afford the certificate holder all the rights secured under KRS Chapter 13B.

(7) The Education Professional Standards Board or its chair may take emergency action pursuant to KRS 13B.125. Emergency action shall not affect a certificate holder's contract or tenure rights in the school district.

(8) If the Education Professional Standards Board substantiates that sexual contact occurred between a certified employee and a student or minor, the employee's certificate may be revoked or suspended with mandatory treatment of the employee as prescribed by the Education Professional Standards Board. The Education Professional Standards Board may require the employee to pay a specified amount for mental health services for the student or minor which are needed as a result of the sexual contact.

(9) At any time during the investigative or hearing processes, the board may enter into an agreed order or accept an assurance of voluntary compliance with the certificate holder.

(10) The board may reconsider, modify, or reverse its decision on any disciplinary action.

(11) Suspension of a certificate shall be for a specified period of time, not to exceed two (2) years.

(a) At the conclusion of the specified period, upon demonstration of compliance with any educational requirements and the terms set forth in the agreed order, the certificate shall be reactivated.

(b) A suspended certificate is subject to expiration and termination.

(12) Revocation of a certificate is a permanent forfeiture. The board shall establish the minimum period of time before an applicant can apply for a new certificate.

(a) At the conclusion of the specified period, and upon demonstration of compliance with any educational requirements and the terms set forth in the agreed order, the applicant shall bear the burden of proof to show that he or she is again fit for practice.

(b) The board shall have discretion to impose conditions that it deems reasonably appropriate to ensure the applicant's fitness and the protection of public safety. Any conditions imposed by the board shall address or apply to only that time period after the revocation of the certificate.

(13) An appeal from any final order of the Education Professional Standards Board shall be filed in Franklin Circuit Court or the Circuit Court of the county in which the certificate holder was employed when the incident occurred in accordance with KRS Chapter 13B which provides that all final orders of an agency shall be subject to judicial review.

➔Section 3. KRS 158.1415 is amended to read as follows:

(1) If a school council or, if none exists, the principal adopts a curriculum for human sexuality or sexually transmitted diseases, instruction shall include but not be limited to the following content:

(a) Abstinence from sexual activity is the desirable goal for all school-age children;

(b) Abstinence from sexual activity is the only certain way to avoid unintended pregnancy, sexually transmitted diseases, and other associated health problems;

(c) The best way to avoid sexually transmitted diseases and other associated health problems is to establish a permanent mutually faithful monogamous relationship;

(d) A policy to respect parental rights by ensuring that:

1. ***Except as provided in subsection (4)(b) of this section,*** children in grade five (5) and below do not receive any instruction through curriculum or programs on human sexuality or sexually transmitted diseases; or

2. Any child, regardless of grade level, enrolled in the district does not receive any instruction or presentation that has a goal or purpose of students studying or exploring gender identity, gender expression, or sexual orientation; and

(e) A policy to notify a parent in advance and obtain the parent's written consent before the parent's child in grade six (6) or above receives any instruction through curriculum or programs on human sexuality or sexually transmitted diseases authorized in this section.

(2) Any course, curriculum, or program offered by a public school on the subject of human sexuality provided by school personnel or by third parties authorized by the school shall:

(a) Provide an alternative course, curriculum, or program without any penalty to the student's grade or standing for students whose parents have not provided written consent as required in subsection (1)(e) of this section;

(b) Be subject to an inspection by parents of participating students that allows parents to review the following materials:

1. Curriculum;

2. Instructional materials;

3. Lesson plans;

4. Assessments or tests;

5. Surveys or questionnaires;

6. Assignments; and

7. Instructional activities;

(c) Be developmentally appropriate; and

(d) Be limited to a curriculum that has been subject to the reasonable review and response by stakeholders in conformity with this subsection and KRS 160.345(2).

(3) A public school offering any course, curriculum, or program on the subject of human sexuality shall provide ~~[written]~~notification to the parents of a student at least two (2) weeks prior to the student's planned participation in the course, curriculum, or program. The ~~[written]~~notification shall:

(a) Inform the parents of the provisions of subsection (2) of this section;

(b) Provide the date the course, curriculum, or program is scheduled to begin;

(c) Detail the process for a parent to review the materials outlined in subsection (2) of this section;

(d) Explain the process for a parent to provide written consent for the student's participation in the course, curriculum, or program; and

(e) Provide the contact information for the teacher or instructor of the course, curriculum, or program and a school administrator designated with oversight.

(4) Nothing in this section shall prohibit school personnel from:

(a) Discussing human sexuality, including the sexuality of any historic person, group, or public figure, where the discussion provides necessary context in relation to a topic of instruction from a curriculum approved pursuant to KRS 160.345;~~[or]~~

(b) ***Providing age-appropriate instruction on child sexual abuse through curriculum or programs in accordance with the standards set forth by the National Children's Alliance and approved by the Children's Advocacy Centers of Kentucky, regardless of grade level; or***

(c) Responding to a question from a student during class regarding human sexuality as it relates to a topic of instruction from a curriculum approved pursuant to KRS 160.345.

➔Section 4. KRS 600.020 is amended to read as follows:

As used in KRS Chapters 600 to 645, unless the context otherwise requires:

(1) "Abused or neglected child" means a child whose health or welfare is harmed or threatened with harm when:

(a) His or her parent, guardian, person in a position of authority or special trust, as defined in KRS 532.045, or other person exercising custodial control or supervision of the child:

1. Inflicts or allows to be inflicted upon the child physical or emotional injury as defined in this section by other than accidental means;

2. Creates or allows to be created a risk of physical or emotional injury as defined in this section to the child by other than accidental means;

3. Engages in a pattern of conduct that renders the parent incapable of caring for the immediate and ongoing needs of the child, including but not limited to parental incapacity due to a substance use disorder as defined in KRS 222.005;

4. Continuously or repeatedly fails or refuses to provide essential parental care and protection for the child, considering the age of the child;

5. Commits or allows to be committed an act of sexual abuse, sexual exploitation, or prostitution upon the child;

6. Creates or allows to be created a risk that an act of sexual abuse, sexual exploitation, or prostitution will be committed upon the child;

7. Abandons or exploits the child;

8. Does not provide the child with adequate care, supervision, food, clothing, shelter, and education or medical care necessary for the child's well-being when financially able to do so or offered financial or other means to do so. A parent or other person exercising custodial control or supervision of the child legitimately practicing the person's religious beliefs shall not be considered a negligent parent solely because of failure to provide specified medical treatment for a child for that reason alone. This exception shall not preclude a court from ordering necessary medical services for a child;

9. Fails to make sufficient progress toward identified goals as set forth in the court-approved case plan to allow for the safe return of the child to the parent that results in the child remaining

committed to the cabinet and remaining in foster care for fifteen (15) cumulative months out of forty-eight (48) months; or

10. Commits or allows female genital mutilation as defined in KRS 508.125 to be committed; or

(b) A person twenty-one (21) years of age or older commits or allows to be committed an act of sexual abuse, sexual exploitation, or prostitution upon a child less than sixteen (16) years of age;

(2) "Age or developmentally appropriate" has the same meaning as in 42 U.S.C. sec. 675(11);

(3) "Aggravated circumstances" means the existence of one (1) or more of the following conditions:

(a) The parent has not attempted or has not had contact with the child for a period of not less than ninety (90) days;

(b) The parent is incarcerated and will be unavailable to care for the child for a period of at least one (1) year from the date of the child's entry into foster care and there is no appropriate relative placement available during this period of time;

(c) The parent has sexually abused the child and has refused available treatment;

(d) The parent has been found by the cabinet to have engaged in abuse of the child that required removal from the parent's home two (2) or more times in the past two (2) years; or

(e) The parent has caused the child serious physical injury;

(4) "Beyond the control of parents" means a child who has repeatedly failed to follow the reasonable directives of his or her parents, legal guardian, or person exercising custodial control or supervision other than a state agency, which behavior results in danger to the child or others, and which behavior does not constitute behavior that would warrant the filing of a petition under KRS Chapter 645;

(5) "Beyond the control of school" means any child who has been found by the court to have repeatedly violated the lawful regulations for the government of the school as provided in KRS 158.150, and as documented in writing by the school as a part of the school's petition or as an attachment to the school's petition. The petition or attachment shall describe the student's behavior and all intervention strategies attempted by the school;

(6) "Boarding home" means a privately owned and operated home for the boarding and lodging of individuals which is approved by the Department of Juvenile Justice or the cabinet for the placement of children committed to the department or the cabinet;

(7) "Cabinet" means the Cabinet for Health and Family Services;

(8) "Certified juvenile facility staff" means individuals who meet the qualifications of, and who have completed a course of education and training in juvenile detention developed and approved by, the Department of Juvenile Justice after consultation with other appropriate state agencies;

(9) "Child" means any person who has not reached his or her eighteenth birthday, unless otherwise provided;

(10) "Child-caring facility" means any facility or group home other than a state facility, Department of Juvenile Justice contract facility or group home, or one certified by an appropriate agency as operated primarily for educational or medical purposes, providing residential care on a twenty-four (24) hour basis to children not related by blood, adoption, or marriage to the person maintaining the facility;

(11) "Child-placing agency" means any agency, other than a state agency, which supervises the placement of children in foster family homes or child-caring facilities or which places children for adoption;

(12) "Clinical treatment facility" means a facility with more than eight (8) beds designated by the Department of Juvenile Justice or the cabinet for the treatment of mentally ill children. The treatment program of such facilities shall be supervised by a qualified mental health professional;

(13) "Commitment" means an order of the court which places a child under the custodial control or supervision of the Cabinet for Health and Family Services, Department of Juvenile Justice, or another facility or agency until the child attains the age of eighteen (18) unless otherwise provided by law;

(14) "Community-based facility" means any nonsecure, homelike facility licensed, operated, or permitted to operate by the Department of Juvenile Justice or the cabinet, which is located within a reasonable proximity of the child's family and home community, which affords the child the opportunity, if a Kentucky resident, to continue family and community contact;

(15) "Complaint" means a verified statement setting forth allegations in regard to the child which contain sufficient facts for the formulation of a subsequent petition;

(16) "Court" means the juvenile session of District Court unless a statute specifies the adult session of District Court or the Circuit Court;

(17) "Court-designated worker" means that organization or individual delegated by the Administrative Office of the Courts for the purposes of placing children in alternative placements prior to arraignment, conducting preliminary investigations, and formulating, entering into, and supervising diversion agreements and performing such other functions as authorized by law or court order;

(18) "Deadly weapon" has the same meaning as it does in KRS 500.080;

(19) "Department" means the Department for Community Based Services;

(20) "Dependent child" means any child, other than an abused or neglected child, who is under improper care, custody, control, or guardianship that is not due to an intentional act of the parent, guardian, or person exercising custodial control or supervision of the child;

(21) "Detention" means the safe and temporary custody of a juvenile who is accused of conduct subject to the jurisdiction of the court who requires a restricted or closely supervised environment for his or her own or the community's protection;

(22) "Detention hearing" means a hearing held by a judge or trial commissioner within twenty-four (24) hours, exclusive of weekends and holidays, of the start of any period of detention prior to adjudication;

(23) "Diversion agreement" means a mechanism designed to hold a child accountable for his or her behavior and, if appropriate, securing services to serve the best interest of the child and to provide redress for that behavior without court action and without the creation of a formal court record;

(24) "Eligible youth" means a person who:

(a) Is or has been committed to the cabinet as dependent, neglected, or abused;

(b) Is eighteen (18) years of age to nineteen (19) years of age; and

(c) Is requesting to extend or reinstate his or her commitment to the cabinet in order to participate in state or federal educational programs or to establish independent living arrangements;

(25) "Emergency shelter" is a group home, private residence, foster home, or similar homelike facility which provides temporary or emergency care of children and adequate staff and services consistent with the needs of each child;

(26) "Emotional injury" means an injury to the mental or psychological capacity or emotional stability of a child as evidenced by a substantial and observable impairment in the child's ability to function within a normal range of performance and behavior with due regard to his or her age, development, culture, and environment as testified to by a qualified mental health professional;

(27) "Evidence-based practices" means policies, procedures, programs, and practices proven by scientific research to reliably produce reductions in recidivism;

(28) "Fictive kin" means an individual who is not related by birth, adoption, or marriage to a child, but who has an emotionally significant relationship with the child, or an emotionally significant relationship with a biological parent, siblings, or half-siblings of the child in the case of a child from birth to twelve (12) months of age, prior to placement;

(29) "Firearm" shall have the same meaning as in KRS 237.060 and 527.010;

(30) "Foster family home" means a private home in which children are placed for foster family care under supervision of the cabinet or a licensed child-placing agency;

(31) "Graduated sanction" means any of a continuum of accountability measures, programs, and sanctions, ranging from less restrictive to more restrictive in nature, that may include but are not limited to:

(a) Electronic monitoring;

(b) Drug and alcohol screening, testing, or monitoring;

(c) Day or evening reporting centers;

(d) Reporting requirements;

(e) Community service; and

(f) Rehabilitative interventions such as family counseling, substance abuse treatment, restorative justice programs, and behavioral or mental health treatment;

(32) "Habitual runaway" means any child who has been found by the court to have been absent from his or her place of lawful residence without the permission of his or her custodian for at least three (3) days during a one (1) year period;

(33) "Habitual truant" means any child who has been found by the court to have been reported as a truant as defined in KRS 159.150(1) two (2) or more times during a one (1) year period;

(34) "Hospital" means, except for purposes of KRS Chapter 645, a licensed private or public facility, health care facility, or part thereof, which is approved by the cabinet to treat children;

(35) "Independent living" means those activities necessary to assist a committed child to establish independent living arrangements;

(36) "Informal adjustment" means an agreement reached among the parties, with consultation, but not the consent, of the victim of the crime or other persons specified in KRS 610.070 if the victim chooses not to or is unable to participate, after a petition has been filed, which is approved by the court, that the best interest of the child would be served without formal adjudication and disposition;

(37) "Intentionally" means, with respect to a result or to conduct described by a statute which defines an offense, that the actor's conscious objective is to cause that result or to engage in that conduct;

(38) "Least restrictive alternative" means, except for purposes of KRS Chapter 645, that the program developed on the child's behalf is no more harsh, hazardous, or intrusive than necessary; or involves no restrictions on physical movements nor requirements for residential care except as reasonably necessary for the protection of the child from physical injury; or protection of the community, and is conducted at the suitable available facility closest to the child's place of residence to allow for appropriate family engagement;

(39) "Motor vehicle offense" means any violation of the nonfelony provisions of KRS Chapters 186, 189, or 189A, KRS 177.300, 304.39-110, or 304.39-117;

(40) "Near fatality" means an injury that, as certified by a physician, places a child in serious or critical condition;

(41) "Needs of the child" means necessary food, clothing, health, shelter, and education;

(42) "Nonoffender" means a child alleged to be dependent, neglected, or abused and who has not been otherwise charged with a status or public offense;

(43) "Nonsecure facility" means a facility which provides its residents access to the surrounding community and which does not rely primarily on the use of physically restricting construction and hardware to restrict freedom;

(44) "Nonsecure setting" means a nonsecure facility or a residential home, including a child's own home, where a child may be temporarily placed pending further court action. Children before the court in a county that is served by a state operated secure detention facility, who are in the detention custody of the Department of Juvenile Justice, and who are placed in a nonsecure alternative by the Department of Juvenile Justice, shall be supervised by the Department of Juvenile Justice;

(45) "Out-of-home placement" means a placement other than in the home of a parent, relative, or guardian, in a boarding home, clinical treatment facility, community-based facility, detention facility, emergency shelter, fictive kin home, foster family home, hospital, nonsecure facility, physically secure facility, residential treatment facility, or youth alternative center;

(46) "Parent" means the biological or adoptive mother or father of a child;

(47) "Person exercising custodial control or supervision" means a person or agency that has assumed the role and responsibility of a parent or guardian for the child, but that does not necessarily have legal custody of the child;

(48) "Petition" means a verified statement, setting forth allegations in regard to the child, which initiates formal court involvement in the child's case;

(49) "Physical injury" means substantial physical pain or any impairment of physical condition;

(50) "Physically secure facility" means a facility that relies primarily on the use of construction and hardware such as locks, bars, and fences to restrict freedom;

(51) "Public offense action" means an action, excluding contempt, brought in the interest of a child who is accused of committing an offense under KRS Chapter 527 or a public offense which, if committed by an adult, would be a crime, whether the same is a felony, misdemeanor, or violation, other than an action alleging that a child sixteen (16) years of age or older has committed a motor vehicle offense;

(52) "Qualified mental health professional" means:

(a) A physician licensed under the laws of Kentucky to practice medicine or osteopathy, or a medical officer of the government of the United States while engaged in the performance of official duties;

(b) A psychiatrist licensed under the laws of Kentucky to practice medicine or osteopathy, or a medical officer of the government of the United States while engaged in the practice of official duties, and who is certified or eligible to apply for certification by the American Board of Psychiatry and Neurology, Inc.;

(c) A psychologist with the health service provider designation, a psychological practitioner, a certified psychologist, or a psychological associate licensed under the provisions of KRS Chapter 319;

(d) A licensed registered nurse with a master's degree in psychiatric nursing from an accredited institution and two (2) years of clinical experience with mentally ill persons, or a licensed registered nurse with a bachelor's degree in nursing from an accredited institution who is certified as a psychiatric and mental health nurse by the American Nurses Association and who has three (3) years of inpatient or outpatient clinical experience in psychiatric nursing and who is currently employed by a hospital or forensic psychiatric facility licensed by the Commonwealth or a psychiatric unit of a general hospital, a private agency or company engaged in providing mental health services, or a regional comprehensive care center;

(e) A licensed clinical social worker licensed under the provisions of KRS 335.100, or a certified social worker licensed under the provisions of KRS 335.080 with three (3) years of inpatient or outpatient clinical experience in psychiatric social work and currently employed by a hospital or forensic psychiatric facility licensed by the Commonwealth, a psychiatric unit of a general hospital, a private agency or company engaged in providing mental health services, or a regional comprehensive care center;

(f) A marriage and family therapist licensed under the provisions of KRS 335.300 to 335.399 with three (3) years of inpatient or outpatient clinical experience in psychiatric mental health practice and currently employed by a hospital or forensic psychiatric facility licensed by the Commonwealth, a psychiatric unit of a general hospital, a private agency or company engaged in providing mental health services, or a regional comprehensive care center;

(g) A professional counselor credentialed under the provisions of KRS 335.500 to 335.599 with three (3) years of inpatient or outpatient clinical experience in psychiatric mental health practice and currently employed by a hospital or forensic facility licensed by the Commonwealth, a psychiatric unit of a general hospital, a private agency or company engaged in providing mental health services, or a regional comprehensive care center; or

(h) A physician assistant licensed under KRS 311.840 to 311.862, who meets one (1) of the following requirements:

1. Provides documentation that he or she has completed a psychiatric residency program for physician assistants;

2. Has completed at least one thousand (1,000) hours of clinical experience under a supervising physician, as defined by KRS 311.840, who is a psychiatrist and is certified or eligible for certification by the American Board of Psychiatry and Neurology, Inc.;

3. Holds a master's degree from a physician assistant program accredited by the Accreditation Review Commission on Education for the Physician Assistant or its predecessor or successor agencies, is practicing under a supervising physician as defined by KRS 311.840, and:

a. Has two (2) years of clinical experience in the assessment, evaluation, and treatment of mental disorders; or

b. Has been employed by a hospital or forensic psychiatric facility licensed by the Commonwealth or a psychiatric unit of a general hospital or a private agency or company engaged in the provision of mental health services or a regional community program for mental health and individuals with an intellectual disability for at least two (2) years; or

4. Holds a bachelor's degree, possesses a current physician assistant certificate issued by the board prior to July 15, 2002, is practicing under a supervising physician as defined by KRS 311.840, and:

a. Has three (3) years of clinical experience in the assessment, evaluation, and treatment of mental disorders; or

b. Has been employed by a hospital or forensic psychiatric facility licensed by the Commonwealth or a psychiatric unit of a general hospital or a private agency or company engaged in the provision of mental health services or a regional community program for mental health and individuals with an intellectual disability for at least three (3) years;

(53) "Reasonable and prudent parent standard" has the same meaning as in 42 U.S.C. sec. 675(10);

(54) "Residential treatment facility" means a facility or group home with more than eight (8) beds designated by the Department of Juvenile Justice or the cabinet for the treatment of children;

(55) "Retain in custody" means, after a child has been taken into custody, the continued holding of the child by a peace officer for a period of time not to exceed twelve (12) hours when authorized by the court or the court-designated worker for the purpose of making preliminary inquiries;

(56) "Risk and needs assessment" means an actuarial tool scientifically proven to identify specific factors and needs that are related to delinquent and noncriminal misconduct;

(57) "Safety plan" means a written agreement developed by the cabinet and agreed to by a family that clearly describes the protective services that the cabinet will provide the family in order to manage ***risks*** ~~[threats]~~ to a child's safety;

(58) "School personnel" means those certified persons under the supervision of the local public or private education agency;

(59) "Secretary" means the secretary of the Cabinet for Health and Family Services;

(60) "Secure juvenile detention facility" means any physically secure facility used for the secure detention of children other than any facility in which adult prisoners are confined;

(61) "Serious physical injury" means physical injury which creates a substantial risk of death or which causes serious and prolonged disfigurement, prolonged impairment of health, or prolonged loss or impairment of the function of any bodily member or organ;

(62) "Sexual abuse" includes but is not necessarily limited to any contacts or interactions in which the parent, guardian, person in a position of authority or special trust, as defined in KRS 532.045, or other person having custodial control or supervision of the child or responsibility for his or her welfare, uses or allows, permits, or encourages the use of the child for the purposes of the sexual stimulation of the perpetrator or another person;

(63) "Sexual exploitation" includes but is not limited to a situation in which a parent, guardian, person in a position of authority or special trust, as defined in KRS 532.045, or other person having custodial control or supervision of a child or responsible for his or her welfare, allows, permits, or encourages the child to engage in an act which constitutes prostitution under Kentucky law; or a parent, guardian, person in a position of authority or special trust, as defined in KRS 532.045, or other person having custodial control or supervision of a child or responsible for his or her welfare, allows, permits, or encourages the child to engage in an act of obscene or pornographic photographing, filming, or depicting of a child as provided for under Kentucky law;

(64) "Social service worker" means any employee of the cabinet or any private agency designated as such by the secretary of the cabinet or a social worker employed by a county or city who has been approved by the cabinet to provide, under its supervision, services to families and children;

(65) "Staff secure facility for residential treatment" means any setting which assures that all entrances and exits are under the exclusive control of the facility staff, and in which a child may reside for the purpose of receiving treatment;

(66) "Statewide reporting system" means a system for making and compiling reports of child dependency, neglect, and abuse in Kentucky made via telephone call or in writing by a member of the public;

(67) (a) "Status offense action" is any action brought in the interest of a child who is accused of committing acts, which if committed by an adult, would not be a crime. Such behavior shall not be considered criminal or delinquent and such children shall be termed status offenders. Status offenses shall include:

1. Beyond the control of school or beyond the control of parents;

2. Habitual runaway;

3. Habitual truant; and

4. Alcohol offenses as provided in KRS 244.085.

(b) Status offenses shall not include violations of state or local ordinances which may apply to children such as a violation of curfew;

(68) "Take into custody" means the procedure by which a peace officer or other authorized person initially assumes custody of a child. A child may be taken into custody for a period of time not to exceed two (2) hours;

(69) "Transitional living support" means all benefits to which an eligible youth is entitled upon being granted extended or reinstated commitment to the cabinet by the court;

(70) "Transition plan" means a plan that is personalized at the direction of the youth that:

(a) Includes specific options on housing, health insurance, education, local opportunities for mentors and continuing support services, and workforce supports and employment services; and

(b) Is as detailed as the youth may elect;

(71) "Valid court order" means a court order issued by a judge to a child alleged or found to be a status offender:

(a) Who was brought before the court and made subject to the order;

(b) Whose future conduct was regulated by the order;

(c) Who was given written and verbal warning of the consequences of the violation of the order at the time the order was issued and whose attorney or parent or legal guardian was also provided with a written notice of the consequences of violation of the order, which notification is reflected in the record of the court proceedings; and

(d) Who received, before the issuance of the order, the full due process rights guaranteed by the Constitution of the United States;

(72) "Violation" means any offense, other than a traffic infraction, for which a sentence of a fine only can be imposed;

(73) "Youth alternative center" means a nonsecure facility, approved by the Department of Juvenile Justice, for the detention of juveniles, both prior to adjudication and after adjudication, which meets the criteria specified in KRS 15A.320; and

(74) "Youthful offender" means any person regardless of age, transferred to Circuit Court under the provisions of KRS Chapter 635 or 640 and who is subsequently convicted in Circuit Court.

➔Section 5. KRS 620.032 is amended to read as follows:

(1) By November 1 of each year, beginning in 2021, the cabinet shall submit to the Legislative Research Commission a comprehensive report that does not identify individuals, detailing the number of reports the cabinet has received regarding female genital mutilation as defined in KRS 508.125, the number of reports in which the cabinet has investigated and determined that a child is the victim of female genital mutilation, and the number of cases in which services were provided.

(2) Beginning August 1, 2024, and monthly thereafter, the cabinet shall ***make available on its website and*** deliver to the Legislative Research Commission for referral to the Interim Joint Committee, Senate Standing Committee, and House Standing Committee on Families and Children, a report on the monthly child protective services intakes received by the cabinet. The monthly report shall include at a minimum the following:

(a) Total number of all ***reports***~~[intakes]~~;

(b) All child protective services response ***reports***~~[intakes]~~;

(c) ***Reports*** ~~[Intakes]~~ with allegations of***:***

1. Abuse***;*** and

2. Neglect;

(d) Reports that met acceptance criteria;

(e) Reports with a substantiated or services needed finding; and

(f) Reports with a substantiated finding.

➔Section 6. KRS 620.040 is amended to read as follows:

(1) (a) Upon receipt of a report alleging abuse or neglect of a child as defined in KRS 600.020 by a parent, guardian, fictive kin, person in a position of authority, person in a position of special trust, or person exercising custodial control or supervision, pursuant to KRS 620.030(1) or (2), or a report alleging a child is a victim of human trafficking pursuant to KRS 620.030(3), the recipient of the report shall immediately notify the cabinet or its designated representative, the local law enforcement agency or the Department of Kentucky State Police, and the Commonwealth's or county attorney of the receipt of the report. If any agency listed above is the reporting source, the recipient shall immediately notify the cabinet or its designated representative, the local law enforcement agency, the Department of Kentucky State Police, and the Commonwealth's or county attorney of the receipt of the report.

(b) Based upon the allegation in the report, the cabinet shall immediately make an initial determination as to the risk of harm and immediate safety of the child. Based upon the level of risk determined, the cabinet shall investigate the allegation or accept the report for an assessment of family needs and, if appropriate, may provide or make referral to any community-based services necessary to reduce risk to the child and to provide family support. A report of sexual abuse or human trafficking of a child shall be considered high risk and shall not be referred to any other community agency***. If the:***

1. Cabinet's initial determination is that there is risk of harm and immediate safety concerns for the child, the cabinet shall physically locate the child within fourteen (14) days of the initial determination;

2. Child is under the age of five (5) years or has other developmental or cognitive delays or a significant medical or mental health condition, the cabinet shall physically locate the child within five (5) working days of the initial determination; and

3. Cabinet does not physically locate the child according to the timeline established in this paragraph, the cabinet shall contact local law enforcement to assist in locating the child.

(c) In making the initial determination as to the risk of harm and immediate safety of the child pursuant to paragraph (b) of this subsection, the cabinet shall at a minimum:

1. Consider the age and vulnerability of a child, particularly for ages five (5) years of age and under, when assessing allegations of abuse and neglect;

2. ~~[Automatically]~~Accept for investigation a subsequent report from a professional reporting source, who makes a report pursuant to the requirements in KRS Chapter 620 that a child is abused or neglected and identifies himself or herself by name, title, and employer, when the same or similar allegation has been reported by one (1) or more unique professional reporting sources within the past thirty (30) days. For the purposes of this subparagraph "professional reporting source" means an individual who is a social worker, therapist, medical professional, educator, judge, attorney, law enforcement officer, or any other individual holding a degree or position in a field related to the safety and care of children; and

3. Automatically accept for investigation a report from a court of appropriate jurisdiction that makes a report pursuant to the requirements in KRS Chapter 620 that a child is abused or neglected or identifies that the child is ***an alleged victim of domestic violence and abuse as defined in KRS 403.720 or sexual assault as defined in KRS 456.010*** ~~[a plaintiff]~~ in an active emergency protective order or ***temporary*** interpersonal protection order case.

(d) The cabinet shall, within seventy-two (72) hours, exclusive of weekends and holidays, make a written report, including but not limited to electronic submissions, to the Commonwealth's or county attorney and the local law enforcement agency or the Department of Kentucky State Police concerning the action that has been taken on the investigation.

(e) If the report alleges abuse or neglect by someone other than a parent, guardian, fictive kin, person in a position of authority, person in a position of special trust, or person exercising custodial control or supervision, or the human trafficking of a child, the cabinet shall immediately notify the Commonwealth's or county attorney and the local law enforcement agency or the Department of Kentucky State Police.

(2) (a) Upon receipt of a report alleging dependency pursuant to KRS 620.030(1) and (2), the recipient shall immediately notify the cabinet or its designated representative.

(b) Based upon the allegation in the report, the cabinet shall immediately make an initial determination as to the risk of harm and immediate safety of the child. Based upon the level of risk, the cabinet shall investigate the allegation or accept the report for an assessment of family needs and, if appropriate, may provide or make referral to any community-based services necessary to reduce risk to the child and to provide family support. A report of sexual abuse or human trafficking of a child shall be considered high risk and shall not be referred to any other community agency***. If the:***

1. Cabinet's initial determination is that there is risk of harm and immediate safety concerns for the child, the cabinet shall physically locate the child within fourteen (14) days of the initial determination;

2. Child is under the age of five (5) years or has other developmental or cognitive delays or significant medical or mental health condition, the cabinet shall physically locate the child within five (5) working days of the initial determination; and

3. Cabinet does not physically locate the child according to the timeline established in this paragraph, the cabinet shall contact local law enforcement to assist in locating the child.

(c) In making the initial determination as to the risk of harm and immediate safety of the child pursuant to paragraph (b) of this subsection, the cabinet shall at a minimum:

1. Consider the age and vulnerability of a child, particularly for ages five (5) years of age and under, when assessing allegations of dependency;

2. ~~[Automatically]~~Accept for investigation a subsequent report from a professional reporting source, who makes a report pursuant to the requirements in KRS Chapter 620 that a child is dependent and identifies himself or herself by name, title, and employer, when the same or similar allegation has been reported by one (1) or more unique professional reporting sources within the past thirty (30) days. For the purposes of this subparagraph "professional reporting source" means an individual who is a social worker, therapist, medical professional, educator, judge, attorney, law enforcement officer, or any other individual holding a degree or position in a field related to the safety and care of children; and

3. Automatically accept for investigation a report from a court of appropriate jurisdiction that makes a report pursuant to the requirements in KRS Chapter 620 that a child is dependent or identifies that the child is ***an alleged victim of domestic violence and abuse as defined in KRS 403.720 or sexual assault as defined in KRS 456.010***~~[a plaintiff]~~ in an active emergency protective order or ***temporary*** interpersonal protection order case.

(d) The cabinet need not notify the local law enforcement agency or the Department of Kentucky State Police or Commonwealth's or county attorney of reports made under this subsection unless the report involves the human trafficking of a child, in which case the notification shall be required.

(3) If the cabinet or its designated representative receives a report of abuse by a person other than a parent, guardian, fictive kin, person in a position of authority, person in a position of special trust, or other person exercising custodial control or supervision of a child, it shall immediately notify the local law enforcement agency or the Department of Kentucky State Police and the Commonwealth's or county attorney of the receipt of the report and its contents, and they shall investigate the matter. The cabinet or its designated representative shall participate in an investigation of noncustodial physical abuse or neglect at the request of the local law enforcement agency or the Department of Kentucky State Police. The cabinet shall participate in all investigations of reported or suspected sexual abuse or human trafficking of a child.

(4) School personnel or other persons listed in KRS 620.030(2) do not have the authority to conduct internal investigations in lieu of the official investigations outlined in this section.

(5) (a) If, after receiving the report, the law enforcement officer, the cabinet, or its designated representative cannot gain admission to the location of the child, a search warrant shall be requested from, and may be issued by, the judge to the appropriate law enforcement official upon probable cause that the child is dependent, neglected, or abused. If, pursuant to a search under a warrant, a child is discovered and appears to be in imminent danger, the child may be removed by the law enforcement officer.

(b) If a child who is in a hospital or under the immediate care of a physician appears to be in imminent danger if he or she is returned to the persons having custody of him or her, the physician or hospital administrator may hold the child without court order, provided that a request is made to the court for an emergency custody order at the earliest practicable time, not to exceed seventy-two (72) hours.

(c) Any appropriate law enforcement officer may take a child into protective custody and may hold that child in protective custody without the consent of the parent or other person exercising custodial control or supervision if there exist reasonable grounds for the officer to believe that the child is in danger of imminent death or serious physical injury, is being sexually abused, or is a victim of human trafficking and that the parents or other person exercising custodial control or supervision are unable or unwilling to protect the child. The officer or the person to whom the officer entrusts the child shall, within twelve (12) hours of taking the child into protective custody, request the court to issue an emergency custody order.

(d) When a law enforcement officer, hospital administrator, or physician takes a child into custody without the consent of the parent or other person exercising custodial control or supervision, he or she shall provide written notice to the parent or other person stating the reasons for removal of the child. Failure of the parent or other person to receive notice shall not, by itself, be cause for civil or criminal liability.

(e) 1. If a report includes a child fatality or near fatality, and the law enforcement officer has reasonable grounds to believe any parent or person exercising custodial control or supervision of the child was under the influence of alcohol or drugs at the time the fatality or near fatality occurred, the law enforcement officer shall request a test of blood, breath, or urine from that person.

2. If, after making the request, consent is not given for the test of blood, breath, or urine, a search warrant shall be requested from and may be issued by the judge to the appropriate law enforcement official upon probable cause that a child fatality or near fatality has occurred and that the person exercising custodial control or supervision of the child at the time of the fatality or near fatality was under the influence.

3. Any test requested under this section shall be conducted pursuant to the testing procedures and requirements in KRS 189A.103.

(6) The cabinet shall make efforts as soon as practicable to determine any military status of a parent or legal guardian of a child who is the subject of an investigation or assessment pursuant to this section. If the cabinet determines that the parent or legal guardian is a member of the United States Armed Forces, the cabinet shall notify the Department of Defense family advocacy program operating within the service member's assigned installation of the investigation or assessment and provide case information.

(7) To the extent practicable and when in the best interest of a child alleged to have been abused, interviews with the child shall be conducted at a children's advocacy center.

(8) (a) One (1) or more multidisciplinary teams may be established in every county or group of contiguous counties.

(b) Membership of the multidisciplinary team shall include but shall not be limited to social service workers employed by the Cabinet for Health and Family Services and law enforcement officers. Additional team members may include Commonwealth's and county attorneys, children's advocacy center staff, mental health professionals, medical professionals, victim advocates including advocates for victims of human trafficking, educators, and other related professionals, as deemed appropriate.

(c) The multidisciplinary team shall review child sexual abuse cases and child human trafficking cases involving commercial sexual activity referred by participating professionals, including those in which the alleged perpetrator does not have custodial control or supervision of the child or is not responsible for the child's welfare. The purpose of the multidisciplinary team shall be to review investigations, assess service delivery, and to facilitate efficient and appropriate disposition of cases through the criminal justice system.

(d) The team shall hold regularly scheduled meetings if new reports of sexual abuse or child human trafficking cases involving commercial sexual activity are received or if active cases exist. At each meeting, each active case shall be presented and the agencies' responses assessed.

(e) The multidisciplinary team shall provide an annual report to the public of nonidentifying case information to allow assessment of the processing and disposition of child sexual abuse cases and child human trafficking cases involving commercial sexual activity.

(f) Multidisciplinary team members and anyone invited by the multidisciplinary team to participate in a meeting shall not divulge case information, including information regarding the identity of the victim or source of the report. Team members and others attending meetings shall sign a confidentiality statement that is consistent with statutory prohibitions on disclosure of this information.

(g) The multidisciplinary team shall, pursuant to KRS 431.600 and 431.660, develop a local protocol consistent with the model protocol issued by the Kentucky Multidisciplinary Commission on Child Sexual Abuse. The local team shall submit the protocol to the commission for review and approval.

(h) The multidisciplinary team review of a case may include information from reports generated by agencies, organizations, or individuals that are responsible for investigation, prosecution, or treatment in the case, KRS 610.320 to KRS 610.340 notwithstanding.

(i) To the extent practicable, multidisciplinary teams shall be staffed by the local children's advocacy center.

(9) Nothing in this section shall limit the cabinet's investigatory authority under KRS 620.050 or any other obligation imposed by law.

➔Section 7. KRS 620.048 is amended to read as follows:

(1) During a child protective services investigation conducted pursuant to the authority in this chapter where ***there is a safety plan negotiated and agreed upon between the cabinet and the parent, guardian, person in a position of authority or special trust, as defined in KRS 532.045, or other person having custodial control or supervision of the child or responsibility for his or her welfare that the child cannot safely remain in the home***~~[a child is placed outside of his or her home on a safety plan]~~, the cabinet shall file a petition in court within seventy-two (72) hours if the child remains placed outside of his or her home for more than fourteen (14) consecutive days.

(2) All safety plans implemented pursuant to this section shall be compiled by the cabinet on a quarterly basis into a report containing at a minimum the total number of safety plans, the outcome of the safety plans, and the number of court petitions filed.

(3) By December 1, 2024, and quarterly thereafter, the cabinet shall make available, on its website and to the Legislative Research Commission for referral to the Interim Joint Committee, Senate Standing Committee, and House Standing Committee on Families and Children, the report on safety plans established in subsection (2) of this section.

➔Section 8. KRS 605.120 is amended to read as follows:

(1) The cabinet is authorized to expend available funds to provide for the board, lodging, and care of children who would otherwise be placed in foster care or who are placed by the cabinet in a foster home or boarding home, or may arrange for payments or contributions by any local governmental unit, or public or private agency or organization, willing to make payments or contributions for such purpose. The cabinet may accept any gift, devise, or bequest made to it for its purposes.

(2) The cabinet shall establish a reimbursement system, within existing appropriation amounts, for foster parents that comes as close as possible to meeting the actual cost of caring for foster children. The cabinet shall consider providing additional reimbursement for foster parents who obtain additional training, and foster parents who have served for an extended period of time. In establishing a reimbursement system, the cabinet shall, to the extent possible within existing appropriation amounts, address the additional cost associated with providing care to children with exceptional needs.

(3) The cabinet shall review reimbursement rates paid to foster parents and shall issue a report upon request comparing the rates paid by Kentucky to the figures presented in the Expenditures on Children by Families Annual Report prepared by the United States Department of Agriculture and the rates paid to foster parents by other states. To the extent that funding is available, reimbursement rates paid to foster parents shall be increased on an annual basis to reflect cost of living increases.

(4) The cabinet is encouraged to develop pilot projects both within the state system and in collaboration with private child caring agencies to test alternative delivery systems and nontraditional funding mechanisms.

(5) (a) The cabinet shall track and analyze data on relative and fictive kin caregiver placements. The data shall include but not be limited to:

1. Demographic data on relative and fictive kin caregivers and children in their care;

2. Custodial options selected by the relative and fictive kin caregivers;

3. Services provisioned to relative and fictive kin caregivers and children in their care; and

4. Permanency benchmarks and outcomes for relative and fictive kin caregiver placements.

(b) By September 30, 2020, and ***annually***~~[upon request]~~ thereafter, the cabinet shall submit a report to the Governor, the Chief Justice of the Supreme Court, and the director of the Legislative Research Commission for ***automatic*** distribution to the Interim Joint Committee on Families and Children relating to the data tracking and analysis established in this subsection ***and post the report to the cabinet website for public view no later than February 28 of the following year***.

(6) Foster parents shall have the authority, unless the cabinet determines that the child's religion, race, ethnicity, or national origin prevents it, to make decisions regarding haircuts and hairstyles for foster children who are in their care for thirty (30) days or more.

Signed by Governor April 1, 2025.

CHAPTER 150

(HB 305)

AN ACT relating to health care.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 164.0401 is amended to read as follows:

For the purposes of KRS 164.0401 to 164.0407:

(1) "Council" means the Council on Postsecondary Education;

(2) "Dedicated funds" means a gift, grant, or donation to the fund that is subject to restrictions imposed by a private grantor under KRS 164.0401 to 164.0407;

(3) "Eligible healthcare credential" means:

(a) ***An***~~[A licensed]~~ alcohol and drug counselor ***license***, ~~[licensed]~~clinical alcohol and drug counselor ***license***, ~~[licensed]~~clinical alcohol and drug counselor associate ***license***, professional art therapist ***license***, professional art therapist associate license, or community health worker certificate issued pursuant to KRS Chapter 309;

(b) Any emergency medical services license or certificate issued pursuant to KRS Chapter 311A;

(c) Any medical imaging, radiation, or other license issued pursuant to KRS Chapter 311B;

(d) A dental hygienist or dental assistant license issued pursuant to KRS Chapter 313;

(e) Any nursing license or certificate issued pursuant to KRS Chapter 314 or registration as a state~~[ ]~~registered nursing aide with the Kentucky Board of Nursing;

(f) A respiratory care practitioner certificate issued pursuant to KRS Chapter 314A;

(g) Any psychology license or certificate issued pursuant to KRS Chapter 319;

(h) Any occupational therapy license issued pursuant to KRS Chapter 319A;

(i) Any behavior analyst license issued pursuant to KRS Chapter 319C;

(j) Any physical therapy certificate or license issued pursuant to KRS Chapter 327;~~[and]~~

(k) Any social worker, marriage and family therapist, or professional counselor certificate or license issued pursuant to KRS Chapter 335;

(l) A physician assistant license issued pursuant to KRS Chapter 311; and

(m) A dietitian license or nutritionist certificate issued pursuant to KRS Chapter 310;

(4) "Grantor" means an individual or an entity that gifts, grants, or donates moneys to the Kentucky healthcare workforce investment fund established in KRS 164.0402;

(5) "Healthcare partner" means a grantor to the Kentucky healthcare workforce investment fund that is:

(a) A healthcare provider as defined in KRS 367.4081;

(b) A healthcare facility licensed by and operating in Kentucky;

(c) A qualified mental health professional as defined in KRS 202A.011; or

(d) Any healthcare or healthcare-related association, individual, or corporation doing business in and incorporated under the laws of the Commonwealth;

(6) "Healthcare program" means an education or training program that is a specific requirement to an eligible healthcare credential, including but not limited to a high school healthcare vocational program;

(7) "Historically underserved county" means a county of the Commonwealth with enhanced workforce demands, as demonstrated by:

(a) Objective healthcare workforce data that demonstrates needs and demands upon its healthcare workforce that exceed the statewide average; and

(b) Final unemployment figures calculated by the Department of Workforce Development demonstrating a countywide rate of unemployment that exceeds the statewide unemployment rate of the Commonwealth:

1. In the most recent five (5) consecutive calendar years; or

2. By two hundred percent (200%) in the most recent calendar year; and

(8) "Kentucky resident" is a Kentucky resident as defined by the council pursuant to KRS 164.020(8).

➔Section 2. KRS 164.0403 is amended to read as follows:

(1) The council shall reserve at least sixty-five percent (65%) of all net moneys in the Kentucky healthcare workforce investment fund for partnership proposals between healthcare programs and healthcare partners to provide healthcare training scholarships to Kentucky residents enrolled in healthcare programs in Kentucky.

(2) In accepting partnerships, the council shall evaluate each partnership proposal to determine if the proposal meets the requirements of this section and administrative regulations promulgated by the council. The administrative regulations shall create a process to prioritize accepting partnerships to proposals:

(a) Targeted to address the specific needs of a historically underserved county or to improve racial and ethnic diversity within a specific designated healthcare credential targeted by the partnership;

(b) Targeted to reduce the workforce demand of a specific eligible healthcare credential that is determined by the council, based on objective criteria, to be among the highest in demand in the Commonwealth; or

(c) From healthcare partners with fifty (50) or fewer employees.

(3) A partnership shall require a written partnership contract between a healthcare program, healthcare partner, and the council. The partnership contract shall:

(a) Prohibit any disbursement of moneys from the Kentucky healthcare workforce investment fund until the moneys appropriated by the General Assembly to be distributed are matched, at least dollar for dollar, with moneys deposited to the fund by the healthcare partner;

(b) Require the healthcare program to use all moneys distributed to the healthcare program pursuant to the partnership contract to issue direct healthcare training scholarships to Kentucky students enrolled in the healthcare program;

(c) If applicable to a healthcare program, require that the healthcare training scholarship application process encourage applicants to complete the Free Application for Federal Student Aid; and

(d) Meet all other requirements set forth in this section and administrative regulation, including but not limited to any reporting requirements to the council.

(4) Disbursements of moneys from the Kentucky healthcare workforce investment fund to support healthcare training scholarships shall be made directly to a healthcare program pursuant to the terms of the partnership contract.

(5) A healthcare program that enters a partnership contract shall solicit, accept, and review healthcare training scholarship applications submitted by students enrolled in the healthcare program. A partnership contract may require that a healthcare program do so in collaboration with the healthcare partner. The healthcare program shall award healthcare training scholarships pursuant to any scholarship criteria set forth in the partnership contract, this section, and administrative regulations. The decisions of the healthcare program in the issuance of scholarships shall be final.

(6) A healthcare training scholarship issued by a healthcare program pursuant to a partnership contract shall be made directly to a recipient pursuant to a written scholarship contract between the recipient and the healthcare program. The scholarship contract shall not restrict the recipient's ability to utilize the scholarship for the total cost of attendance. Each recipient of a scholarship shall:

(a) Agree in the written contract to practice as a licensed or certified medical professional in the Commonwealth for a contract period of one (1) year for each academic year funded by the scholarship up to a maximum of two (2) total years; and

(b) Sign a promissory note as evidence of the scholarship and the obligation to repay the scholarship amount upon failure to complete terms of the contract.

(7) A grantor may place restrictions upon a contribution to the Kentucky healthcare workforce investment fund requiring specific criteria for a healthcare training scholarship or scholarships funded by the grantor's dedicated funds to students who agree in the scholarship contract required by subsection (6)(a) of this section to practice as a certified or licensed healthcare professional, including but not limited to criteria restricting:

(a) Except as provided in subsection (9) of this section, employment by the healthcare partner for the contract period; or

(b) Employment at a location within a designated geographic area of the Commonwealth for the contract period.

(8) The healthcare training scholarship contract shall grant the healthcare program, the Commonwealth, or the healthcare partner the authority to initiate recoupment proceedings for the recovery of the total amount of all healthcare training scholarships awarded to an individual that fails to complete the terms of a contract entered into in accordance with subsection (6) of this section, together with reasonable attorney fees and interest at a compound rate not to exceed eight percent (8%) per annum from the date of disbursement from the fund.

(9) ***(a)*** A healthcare training scholarship shall not~~[:~~

~~(a)]~~ be awarded to an applicant enrolled in a state registered nursing aide training and competency evaluation program who is:

1. Not charged for any portion of the program pursuant to 42 C.F.R. sec. 483.152(c)(1); or

2. Eligible for reimbursement for the costs of the program pursuant to 42 C.F.R. sec. 483.152(c)(2) prior to entering the scholarship contract.~~[; or]~~

(b) ***A healthcare training scholarship awarded to applicants enrolled in a state registered nursing aide training and competency evaluation program shall not*** include an employment restriction that would restrict the recipient to be employed by a specific healthcare partner for the contract period required by subsection (6) of this section or that would otherwise constitute an offer of employment in accordance with 42 C.F.R. sec. 483.152(c)(1).

(10) An applicant who has been listed on the nurse aide abuse registry with a substantiated finding of abuse, neglect, or misappropriation of property shall not be eligible for a healthcare training scholarship.

➔Section 3. KRS 216B.020 is amended to read as follows:

(1) The provisions of this chapter that relate to the issuance of a certificate of need shall not apply to abortion facilities as defined in KRS 216B.015; any hospital which does not charge its patients for hospital services and does not seek or accept Medicare, Medicaid, or other financial support from the federal government or any

state government; assisted living residences; family care homes; state veterans' nursing homes; services provided on a contractual basis in a rural primary-care hospital as provided under KRS 216.380; community mental health centers for services as defined in KRS Chapter 210; primary care centers; rural health clinics; private duty nursing services operating as health care services agencies as defined in KRS 216.718; group homes; licensed residential crisis stabilization units; licensed free-standing residential substance use disorder treatment programs with sixteen (16) or fewer beds, but not including Levels I and II psychiatric residential treatment facilities or licensed psychiatric inpatient beds; outpatient behavioral health treatment, but not including partial hospitalization programs; end stage renal disease dialysis facilities, freestanding or hospital based; swing beds; special clinics, including but not limited to wellness, weight loss, family planning, disability determination, speech and hearing, counseling, pulmonary care, and other clinics which only provide diagnostic services with equipment not exceeding the major medical equipment cost threshold and for which there are no review criteria in the state health plan; nonclinically related expenditures; nursing home beds that shall be exclusively limited to on-campus residents of a certified continuing care retirement community; home health services provided by a continuing care retirement community to its on-campus residents; the relocation of hospital administrative or outpatient services into medical office buildings which are on or contiguous to the premises of the hospital; the relocation of acute care beds which occur among acute care hospitals under common ownership and which are located in the same area development district so long as there is no substantial change in services and the relocation does not result in the establishment of a new service at the receiving hospital for which a certificate of need is required; the redistribution of beds by licensure classification within an acute care hospital so long as the redistribution does not increase the total licensed bed capacity of the hospital; residential hospice facilities established by licensed hospice programs; the following health services provided on site in an existing health facility when the cost is less than six hundred thousand dollars ($600,000) and the services are in place by December 30, 1991: psychiatric care where chemical dependency services are provided, level one (1) and level two (2) of neonatal care, cardiac catheterization, and open heart surgery where cardiac catheterization services are in place as of July 15, 1990; or ambulance services operating in accordance with subsection (6), (7), or (8) of this section. These listed facilities or services shall be subject to licensure, when applicable.

(2) Nothing in this chapter shall be construed to authorize the licensure, supervision, regulation, or control in any manner of:

(a) Private offices and clinics of physicians, dentists, and other practitioners of the healing arts, except any physician's office that meets the criteria set forth in KRS 216B.015(5) or that meets the definition of an ambulatory surgical center as set out in KRS 216B.015;

(b) Office buildings built by or on behalf of a health facility for the exclusive use of physicians, dentists, and other practitioners of the healing arts; unless the physician's office meets the criteria set forth in KRS 216B.015(5), or unless the physician's office is also an abortion facility as defined in KRS 216B.015, except no capital expenditure or expenses relating to any such building shall be chargeable to or reimbursable as a cost for providing inpatient services offered by a health facility;

(c) Outpatient health facilities or health services that:

1. Do not provide services or hold patients in the facility after midnight; and

2. Are exempt from certificate of need and licensure under subsection (3) of this section;

(d) Dispensaries and first-aid stations located within business or industrial establishments maintained solely for the use of employees, if the facility does not contain inpatient or resident beds for patients or employees who generally remain in the facility for more than twenty-four (24) hours;

(e) Establishments, such as motels, hotels, and boarding houses, which provide domiciliary and auxiliary commercial services, but do not provide any health related services and boarding houses which are operated by persons contracting with the United States Department of Veterans Affairs for boarding services;

(f) The remedial care or treatment of residents or patients in any home or institution conducted only for those who rely solely upon treatment by prayer or spiritual means in accordance with the creed or tenets of any recognized church or religious denomination and recognized by that church or denomination; and

(g) On-duty police and fire department personnel assisting in emergency situations by providing first aid or transportation when regular emergency units licensed to provide first aid or transportation are unable to arrive at the scene of an emergency situation within a reasonable time.

(3) The following outpatient categories of care shall be exempt from certificate of need and licensure on July 14, 2018:

(a) Primary care centers;

(b) Special health clinics, unless the clinic provides pain management services and is located off the campus of the hospital that has majority ownership interest;

(c) Specialized medical technology services, unless providing a State Health Plan service;

(d) Retail-based health clinics and ambulatory care clinics that provide nonemergency, noninvasive treatment of patients;

(e) Ambulatory care clinics treating minor illnesses and injuries;

(f) Mobile health services, unless providing a service in the State Health Plan;

(g) Rehabilitation agencies;

(h) Rural health clinics; and

(i) Off-campus, hospital-acquired physician practices.

(4) The exemptions established by subsections (2) and (3) of this section shall not apply to the following categories of care:

(a) An ambulatory surgical center as defined by KRS 216B.015(4);

(b) A health facility or health service that provides one (1) of the following types of services:

1. Cardiac catheterization;

2. Megavoltage radiation therapy;

3. Adult day health care;

4. Behavioral health services;

5. Chronic renal dialysis;

6. Birthing services; or

7. Emergency services above the level of treatment for minor illnesses or injuries;

(c) A pain management facility as defined by KRS 218A.175(1);

(d) An abortion facility that requires licensure pursuant to KRS 216B.0431; or

(e) A health facility or health service that requests an expenditure that exceeds the major medical expenditure minimum.

(5) An existing facility licensed as an intermediate care or nursing home shall notify the cabinet of its intent to change to a nursing facility as defined in Public Law 100-203. A certificate of need shall not be required for conversion of an intermediate care or nursing home to the nursing facility licensure category.

(6) Ambulance services owned and operated by a city government, which propose to provide services in coterminous cities outside of the ambulance service's designated geographic service area, shall not be required to obtain a certificate of need if the governing body of the city in which the ambulance services are to be provided enters into an agreement with the ambulance service to provide services in the city.

(7) Ambulance services owned by a hospital shall not be required to obtain a certificate of need for the sole purpose of providing non-emergency and emergency transport services originating from its hospital.

(8) (a) As used in this subsection, "emergency ambulance transport services" means the transportation of an individual that has an emergency medical condition with acute symptoms of sufficient severity that the absence of immediate medical attention could reasonably be expected to place the individual's health in serious jeopardy or result in the serious impairment or dysfunction of the individual's bodily organs.

(b) A city or county government that has conducted a public hearing for the purposes of demonstrating that an imperative need exists in the city or county to provide emergency ambulance transport services within its jurisdictional boundaries shall not be required to obtain a certificate of need for the city or county to:

1. Directly provide emergency ambulance transport services as defined in this subsection within the city's or county's jurisdictional boundaries; or

2. Enter into a contract with a hospital or hospitals within its jurisdiction, or within an adjoining county if there are no hospitals located within the county, for the provision of emergency ambulance transport services as defined in this subsection within the city's or county's jurisdictional boundaries.

(c) Any license obtained under KRS Chapter 311A by a city or county for the provision of ambulance services operating under a certificate of need exclusion pursuant to this subsection shall be held exclusively by the city or county government and shall not be transferrable to any other entity.

(d) Prior to obtaining the written agreement of a city, an ambulance service operating under a county government certificate of need exclusion pursuant to this subsection shall not provide emergency ambulance transport services within the boundaries of any city that:

1. Possesses a certificate of need to provide emergency ambulance services;

2. Has an agency or department thereof that holds a certificate of need to provide emergency ambulance services; or

3. Is providing emergency ambulance transport services within its jurisdictional boundaries pursuant to this subsection.

(9) (a) Except where a certificate of need is not required pursuant to subsection (6), (7), or (8) of this section, the cabinet shall grant nonsubstantive review for a certificate of need proposal to establish an ambulance service that is owned by a:

1. City government;

2. County government; or

3. Hospital, in accordance with paragraph (b) of this subsection.

(b) A notice shall be sent by the cabinet to all cities and counties that a certificate of need proposal to establish an ambulance service has been submitted by a hospital. The legislative bodies of the cities and counties affected by the hospital's certificate of need proposal shall provide a response to the cabinet within thirty (30) days of receiving the notice. The failure of a city or county legislative body to respond to the notice shall be deemed to be support for the proposal.

(c) An ambulance service established under this subsection shall not be transferred to another entity that does not meet the requirements of paragraph (a) of this subsection without first obtaining a substantive certificate of need.

(10) Notwithstanding any other provision of law, a continuing care retirement community's nursing home beds shall not be certified as Medicaid eligible unless a certificate of need has been issued authorizing applications for Medicaid certification. The provisions of subsection (5) of this section notwithstanding, a continuing care retirement community shall not change the level of care licensure status of its beds without first obtaining a certificate of need.

(11) An ambulance service established under subsection (9) of this section shall not be transferred to an entity that does not qualify under subsection (9) of this section without first obtaining a substantive certificate of need.

~~[(12) (a) The provisions of subsections (7), (8), and (9) of this section shall expire on July 1, 2026.~~

~~(b) All actions taken by cities, counties, and hospitals, exemptions from obtaining a certificate of need, and any certificate of need granted under subsections (7), (8), and (9) of this section prior to July 1, 2026, shall remain in effect on and after July 1, 2026.]~~

➔Section 4. KRS 311A.030 is amended to read as follows:

(1) The board shall promulgate administrative regulations in accordance with KRS Chapter 13A to carry out the functions of this chapter, including but not limited to:

(a) Classifying, licensing, inspecting, and regulating ambulance services, mobile integrated healthcare programs, and medical first response providers; and

(b) Licensing, inspecting, and regulating emergency medical services training institutions.

(2) The licensure standards for ground ambulance providers shall distinguish between an ambulance service that provides only emergency transportation, only scheduled ambulance transportation, or both types of transportation.

(3) (a) The board shall not require an ambulance service to apply for licensure within a specified time period following the issuance of a certificate of need by the Cabinet for Health and Family Services.

(b) The board may promulgate an administrative regulation in accordance with KRS Chapter 13A to require an ambulance service to submit application progress reports on a six (6) month or annual basis following the issuance of a certificate of need by the Cabinet for Health and Family Services until the licensure application is submitted.

(c) An ambulance service that was issued a certificate of need on or after July 14, 2022, shall be eligible to apply for licensure from the board without obtaining a new certificate of need from the Cabinet for Health and Family Services.

Signed by Governor April 1, 2025.

CHAPTER 151

(HB 430)

AN ACT relating to school transportation and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 189.540 is amended to read as follows:

(1) ***(a)*** The Kentucky Board of Education shall promulgate administrative regulations to govern the design and operation of all Kentucky school buses and to govern the operation of ~~[district-owned]~~passenger vehicles ***owned, leased, or privately contracted by the district that transport***~~[transporting]~~ students under KRS 156.153***(3)***~~[(2)]~~.

(b) The board shall, with the advice and aid of the Department of Kentucky State Police and the Transportation Cabinet, enforce the administrative regulations governing the operation of all school buses**,** whether owned by a school district or privately contracted**,** and all ~~[district-owned]~~passenger vehicles ***owned, leased, or privately contracted by the district that transport***~~[transporting]~~ students under KRS 156.153***(3)***~~[(2)]~~.

(c) The ***administrative*** regulations covering the operation shall by reference be made a part of any contract with a school district. Every school district and private contractor referred to under this subsection shall be subject to those regulations.

(2) ***(a) The administrative regulations promulgated by the Kentucky Board of Education under subsection (1) of this section or under KRS 156.160 may include requirements for regular instruction of pupils in school bus safety.***

(b) A school district shall be exempt from the pupil instruction requirements authorized in paragraph (a) of this subsection if:

1. The school district had a gross average daily attendance of transported pupils under KRS 157.370 for the previous school year of forty-eight (48) pupils or fewer without any additional factors included;

2. The school district's local board of education adopts a policy for instructing pupils on school bus safety prior to the pupil's use of a district-owned or privately contracted school bus; and

3. The local board of education submits a copy of the district's policy to the Kentucky Department of Education.

(c) A school district's failure to implement an instruction policy adopted under paragraph (b) of this subsection shall be grounds for the Kentucky Board of Education to revoke the school district's pupil instruction exemption until the school district implements the policy.

(3) Any employee of any school district who violates any of the administrative regulations in any contract executed on behalf of a school district shall be subject to removal from office. Any person operating a school bus ***or passenger vehicle to transport students*** under contract with a school district who fails to comply with any of the administrative regulations shall be guilty of breach of contract and the contract shall be canceled after proper notice and a hearing by the responsible officers of such school district.

(4)~~[(3)]~~ ***(a)*** Any person who operates a school bus shall be required to possess a commercial driver's license issued pursuant to KRS 281A.170 with a school bus endorsement as described in KRS 281A.175.

(b) Any person who operates a passenger vehicle that is owned, leased, or privately contracted by the district to transport students shall be required to possess a valid Class D operator's license in accordance with subsection (3)(c) of Section 2 of this Act.

➔Section 2. KRS 156.153 is amended to read as follows:

(1) (a) All school buses for which bids are made or bid contracts awarded shall meet the standards and specifications of the Kentucky Department of Education. The term "school bus," as used in this section, shall mean any motor vehicle which meets the standards and specifications for school buses as provided by law or by the standards or specifications of the Kentucky Department of Education authorized by law and used solely in transporting school children and school employees to and from school under the supervision and control and at the direction of school authorities, and shall further include school bus accessory equipment and supplies and replacement equipment considered to be reasonably adaptable for purchase from price contract agreements.

(b) The standards and specifications for accessory equipment and supplies and replacement equipment under paragraph (a) of this subsection shall be based on federal safety standards and shall not discriminate among manufacturers unless the Kentucky Department of Education finds evidence that a specific manufacturer's product is defective or dangerous to use.

(c) The Kentucky Department of Education shall provide the list of standards and specifications for accessory equipment and supplies and replacement equipment to the Finance and Administration Cabinet for the purposes of maintaining the price contract list required under KRS 45A.489.

(2) School buses shall be clearly marked as transporting students and shall undergo a safety inspection no less than once every thirty (30) days.

(3) (a) Districts may also use vehicles owned, leased, or contracted by the district that were designed and built by the manufacturer for passenger transportation of nine (9) or fewer passengers, including the driver, for transporting students to and from school and approved school activities under an alternative transportation plan approved by the Kentucky Department of Education.

(b) Non-school bus passenger vehicles used under this subsection shall be clearly marked as transporting students and undergo a safety inspection no less than once every thirty (30) days. ***However, non-school bus passenger vehicles that are not for daily use shall not be required to be inspected more frequently than once every three (3) months.***

(c) Non-school bus passenger vehicles used under this subsection shall be operated by an employee or contractor of a local school district that has a valid Class D operator's license. An individual that operates a non-school bus passenger vehicle to transport a student or students without a current valid license required by this paragraph shall be subject to the penalties set forth in KRS 156.990(4).

(d) The Kentucky Board of Education shall promulgate administrative regulations in accordance with KRS Chapter 13A to establish:

1. Minimum standards and specifications for non-school bus passenger vehicles used under this subsection, including a standard for minimum insurance coverage;

2. Minimum route safety standards and pick-up and drop-off protocols for pupil transportation using non-school bus passenger vehicles that prohibit non-school bus passenger vehicles from depositing a student at a location that would require the student to cross a road or intersection to reach the student's destination; and

3. Minimum qualifications, training, and drug testing requirements for an individual to be authorized to transport any student to and from school using a non-school bus passenger vehicle. The drug testing requirements shall require an individual to submit to drug testing consistent

with the requirements of 49 C.F.R. pt. 40 to be authorized to transport students to and from school using a non-school bus passenger vehicle.

(4) As part of its regular procedure for establishing and updating standards and specifications for school buses and non-school bus passenger vehicles, the Kentucky Department of Education shall consider allowing school buses to operate using clean transportation fuels, as defined in KRS 186.750. If the department determines that school buses or non-school bus passenger vehicles may operate using clean transportation fuels while maintaining the same or a higher degree of safety as fuels currently allowed, it shall update its standards and specifications to allow for such use.

➔Section 3. Whereas achieving efficiency in pupil transportation in the Commonwealth is of paramount importance to schools, students, and parents, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor April 1, 2025.

CHAPTER 152

(HB 493)

AN ACT relating to the towing and storage of motor vehicles.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 281.630 is amended to read as follows:

(1) A person shall not act as a motor carrier without first obtaining a certificate from the department.

(2) A certificate for the intrastate transportation of passengers or property, including household goods, shall be issued to any qualified applicant authorizing operation covered by the application, if it is found that the applicant conforms to the provisions of this chapter and the requirements of the administrative regulations promulgated in accordance with this section.

(3) (a) The department shall issue the following certificates:

1. Taxicab certificate;
2. Limousine certificate;
3. Disabled persons vehicle certificate;
4. Transportation network company certificate;
5. Household goods certificate;
6. Charter bus certificate;
7. Bus certificate;
8. U-Drive-It certificate;
9. Property certificate;
10. Driveaway certificate;
11. Peer-to-peer car sharing certificate;~~[and]~~
12. Automobile utility trailer certificate***; and***
13. Towing and storage certificate.

(b) Application for a certificate shall be made in such form as the department may require. The department shall receive an application fee of two hundred fifty dollars ($250) for all applications, except that the department shall receive an application fee of twenty-five dollars ($25) for a property certificate.

(c) Before the department may issue a certificate, an applicant shall:

1. Pay the application fee established under paragraph (b) of this subsection;

2. For entities other than TNCs and peer-to-peer car sharing companies, file a motor carrier vehicle license application for each motor carrier vehicle as required by KRS 281.631. The applicant shall file at least one (1) motor carrier vehicle license application before being eligible for a certificate;

3. For TNCs, file a TNC authority application with the department pursuant to administrative regulations promulgated by the department;

4. For peer-to-peer car sharing companies, file a peer-to-peer car sharing certificate application with the department pursuant to administrative regulations promulgated by the department;

5. File with the department one (1) or more approved indemnifying bonds or insurance policies as required by KRS 281.655;

6. For taxicab, limousine, disabled persons vehicle, TNC, household goods, charter bus, and bus certificates, obtain and retain for a period of at least three (3) years, a nationwide criminal background check, in compliance with KRS 281.6301, of each owner, official, employee, independent contractor, or agent operating a passenger vehicle or household goods vehicle or entering a private residence or storage facility for the purpose of providing or facilitating the transportation of household goods;

7. For household goods certificates, file with the department a current tariff;~~[and]~~

8. For a bus certificate, file with the department authorization from a city as required by KRS 281.635***; and***

9. For towing and storage certificates, the applicant shall have a rate sheet on file with the department. All rates included shall be reasonable and customary to Kentucky.

(4) (a) Every certificate shall be renewed annually. Application for renewal shall be in such form as the department may require.

(b) A certificate not renewed within one (1) calendar year after the date for its renewal shall become null and void.

(c) The department shall not renew any certificate if it has been revoked or, if suspended, during the period of any suspension. A certificate shall not be considered revoked or suspended when an appeal of the revocation or suspension is pending in a court of competent jurisdiction.

(d) For the renewal of an intrastate certificate, the department shall receive a fee of two hundred fifty dollars ($250), except for an application for renewal of a property certificate, for which the department shall receive a fee of twenty-five dollars ($25).

(e) Before the department may renew a certificate, the certificate holder shall:

1. Pay the renewal fee established under paragraph (d) of this subsection;

2. For the entities other than TNCs and peer-to-peer car sharing companies, file a motor carrier vehicle license application or renewal for each motor carrier vehicle as required by KRS 281.631. The certificate holder shall file at least one (1) motor carrier vehicle license application or renewal before being eligible for renewal;

3. For TNCs, file a TNC authority application with the department pursuant to administrative regulations promulgated by the department;

4. For peer-to-peer car sharing companies, file a peer-to-peer car sharing certificate application with the department pursuant to administrative regulations promulgated by the department;

5. File with the department one (1) or more approved indemnifying bonds or insurance policies as required by KRS 281.655;

6. Every three (3) years, for taxicab, limousine, disabled persons vehicle, TNC, household goods, charter bus, and bus certificates, obtain and retain for a period of at least three (3) years, a nationwide criminal background check in compliance with KRS 281.6301, of each owner, official, employee, independent contractor, or agent operating a passenger vehicle or entering a private residence or storage facility for the purpose of providing or facilitating the transportation of household goods. However, within the three (3) year period:

a. If a new owner, official, employee, independent contractor, or agent joins the certificate holder and performs the aforementioned duties; or

b. If the certificate holder has knowledge that a current owner, official, employee, independent contractor, or agent who performs the aforementioned duties has been convicted of or pled guilty to any of the offenses listed in KRS 281.6301(2);

then the certificate holder shall obtain and retain for a period of at least three (3) years, a nationwide criminal background check for that owner, official, employee, independent contractor, or agent;~~[and]~~

7. For household goods certificates, have on file with the department a current tariff***; and***

8. For towing and storage certificates, have on file with the department a current rate sheet.

(5) (a) A motor carrier operating under a household goods certificate shall, at all times the certificate is in effect, maintain on file with the department a current tariff.

(b) Except for a household goods certificate holder that has had only an out-of-state address on file with the department prior to January 1, 2015, all certificate holders shall maintain on file with the department an address within the Commonwealth. The certificate holder shall keep open for public inspection at that address such information as the department may require.

(c) The certificate holder shall not charge, demand, collect, or receive a greater, less, or different compensation for the transportation of household goods or for any service in connection therewith, than the tariff filed with the department and in effect at the time would require. A certificate holder shall not make or give any unreasonable preference or advantage to any person, or subject any person to any unreasonable discrimination.

(6) A certificate shall not be transferred unless the transfer involves either the change of the legal name of the existing certificate holder or the incorporation of a sole proprietor certificate holder.

(7) A certificate authorizing a person to act as an automobile utility trailer lessor shall also authorize the agents of the person to act on his or her behalf during the period of their agency.

(8) A motor carrier vehicle shall not be operated after the expiration of the certificate under which it is operated.

(9) A person shall not knowingly employ the services of a motor carrier not authorized to perform such services.

(10) If the department, after a hearing held upon its own motion or upon complaint, finds any existing rate unjustly discriminatory, or finds the services rendered or facilities employed by any motor carrier to be unsafe, inadequate, inconvenient, or in violation of law or of the administrative regulations of the department, it may by final order do any or all of the following:

(a) Require the certificate holder to follow any rate or time schedule in effect at the time of service;

(b) Require the certificate holder to issue a refund to the complainant;

(c) Require the certificate holder to pay the fine set out in KRS 281.990 to the department; and

(d) Determine the reasonable, safe, adequate, and convenient service to be thereafter furnished.

(11) Hearings conducted under authority of this section shall be conducted in the same manner as provided in KRS 281.640.

(12) (a) Subject to the limitation of paragraph (b) of this subsection, the department shall have the power to promulgate administrative regulations as it may deem necessary to carry out the provisions of this section.

(b) Any administrative regulation that reasonably applies only to a human driver shall not apply to the operation of a fully autonomous vehicle licensed under this section.

➔Section 2. KRS 281.631 is amended to read as follows:

(1) No person shall act as a motor carrier without first obtaining a motor carrier vehicle license from the department for each motor carrier vehicle.

(2) Application for and renewal of a motor carrier vehicle license shall be made in such form as the department may require. Every motor carrier vehicle license shall be renewed annually.

(3) (a) Except as permitted under paragraph (b) of this subsection, an applicant or license holder shall pay to the department the following annual license fees:

1. Thirty dollars ($30) for each taxicab, limousine, TNC, or disabled persons vehicle;
2. Ten dollars ($10) for each motor carrier vehicle transporting household goods for hire;
3. One hundred dollars ($100) for each charter bus or bus;
4. Fifteen dollars ($15) for each motor carrier vehicle operating as a U-Drive-It;
5. Ten dollars ($10) for each motor carrier vehicle transporting property other than household goods and those exempt under KRS 281.605;
6. Ten dollars ($10) for each motor carrier vehicle operating as a driveaway;~~[and]~~
7. Ten dollars ($10) for each automobile utility trailer***; and***
8. ***Ten dollars ($10) for each tow truck that is not actively registered with the unified carrier registration***.

(b) The cabinet may promulgate administrative regulations to set forth an optional motor carrier vehicle license fee schedule under this subsection on a bulk basis for applicants who employ or contract with more than fifty (50) vehicles. Bulk application fees under these administrative regulations may use a tiered system based on the type of certificate and the number of vehicles.

(4) Before the department may issue or renew a motor carrier vehicle license, the applicant or license holder shall:

(a) Pay the fee established under subsection (3) of this section;

(b) For a taxicab, limousine, disabled persons vehicle, TNC vehicle, charter bus, and bus, provide a copy of the vehicle registration for each out-of-state registered motor carrier vehicle being licensed, and if necessary, a statement showing that the driver is an insured driver of the vehicle, and that the registered owner or lessee authorizes the use of the vehicle for TNC services; and

(c) For a taxicab, limousine, disabled persons vehicle, TNC vehicle, charter bus, and bus, obtain and retain for a period of at least three (3) years, an inspection of the motor vehicle in the manner and form as the department may require.

(5) No motor carrier vehicle shall be operated after the expiration of the motor carrier vehicle license under which it is operated.

(6) All cities or counties of the Commonwealth may impose an annual license fee on an intrastate taxicab, limousine, or disabled persons vehicle operated from said city or county. The annual license fee shall not exceed thirty dollars ($30) per vehicle.

(7) Notwithstanding any other provisions of this section, nonresident motor carriers engaged in transporting passengers for hire in irregular route interstate charter or special operations shall be exempt from all fees prescribed in this chapter, if reciprocal privileges are granted to similar nonresident carriers by the laws and regulations of his or her state.

(8) If any person required to pay a license fee under subsection (3) of this section begins the operation of an additional motor carrier vehicle after the date of its certificate or renewal, the fee shall be as many twelfths of the annual fee as there are unexpired months in the certificate or renewal year.

(9) The department may promulgate administrative regulations as it deems necessary to carry out.

➔Section 3. KRS 281.928 is amended to read as follows:

(1) Within one (1) business day of the removal, a towing company shall contact the cabinet in order to ascertain the identity of the owner and any lienholder of any motor vehicle registered in Kentucky which it has towed and, within ten (10) days of the removal, shall, by certified mail, provide notice to the owner and any lienholder at the address or addresses of record, when a motor vehicle has been:

(a) Towed under KRS 281.924 or 281.926;

(b) Involuntarily towed or transported pursuant to order of police, other public authority, or private person or business for any reason;

(c) Stolen or misappropriated and its removal from the public ways has been ordered by police, other public authority, or by private person or business; or

(d) In any other situation, involuntarily towed or transported by order of police, other authority, or by private person or business. If the lienholder is a registered organization listed in the business records of the Secretary of State, the cabinet shall provide the address listed for the lienholder.

(2) The cabinet shall, within two (2) business days, provide the towing company the name and address of the owner and lienholder of any motor vehicle requested pursuant to subsection (1) of this section.

(3) (a) If a vehicle described in subsection (1) of this section is placed in a garage or other storage facility, the owner of the facility shall provide the notice required in subsection (1) of this section, by certified mail, to the owner and any lienholder at the address or addresses of record of the motor vehicle within ten (10) days of recovery of, or taking possession of, the motor vehicle.

(b) Any notice sent under this subsection shall comply with the notification provisions of subsection (4) of this section and shall include an estimated itemized invoice pursuant to KRS 281.926(5) that specifies the amount of charges for towing, recovery, storage, transporting, and other applicable charges due on the vehicle.

(c) If the owner of the storage facility fails to provide notice as provided in this section, the motor vehicle storage facility shall forfeit all storage fees accrued after ten (10) days from the date of tow.

(d) This subsection shall not apply to a garage or storage facility owned or operated by a government entity.

(4) Any notification required under subsection (1) or (2) of this section shall include:

(a) The date and time the vehicle was towed;

(b) The location from which the vehicle was towed;

(c) The name, address, and telephone number where the vehicle will be located;

(d) The location, address, and phone number where payment and business transactions take place if different from the business address;

(e) The name, address, and phone number of the towing company or storage facility;

(f) A description of the towed vehicle which shall at a minimum include the make, model, year, vehicle identification number, and color of the towed vehicle;

(g) The license plate number and state of registration of the towed vehicle; and

(h) A copy of the rate sheet required in KRS 281.926(2), if the vehicle was towed by a towing company operating under this chapter and vehicles are being held in a storage facility or garage.

(5) If a vehicle described in subsection (1) of this section is determined to be a corporately owned motor vehicle, the notices required under subsections (1) and (2) of this section shall be sent to the corporate address listed on the registration. A motor vehicle under this subsection shall be held for up to forty-five (45) days to allow the motor vehicle owner or lienholder to retrieve the towed motor vehicle. The rate charged shall be the standard daily rate of the towing company or storage facility. If at any time more than one (1) motor vehicle owned by the same corporation is under the control of a towing company or storage facility, each motor vehicle shall be processed under a separate transaction.

(6) ***If a vehicle described in subsection (1) of this section is being held for potential evidence in a civil or criminal investigation, the entity requesting the hold shall provide written notice to the vehicle owner within five (5) business days of a hold being initiated and within two (2) business days of a hold being released. The notice required under this subsection shall be transmitted either electronically or by certified mail.***

(7) A towing company or storage facility that has met the provisions of this section may sell the towed vehicle in accordance with KRS 359.230.

➔Section 4. KRS 281.930 is amended to read as follows:

(1) This section applies to towing companies that tow and store motor vehicles, and to storage facilities that store vehicles towed by a towing company, regardless of whether the towing company and the storage facilities are affiliates.

(2) Upon payment of all costs incurred against a motor vehicle towed and stored under this chapter, the towing company or storage facility shall release the motor vehicle to:

(a) A properly identified owner or lienholder of the motor vehicle; or

(b) An authorized representative of the insurance company or its contracted service provider insuring the motor vehicle if the:

1. Motor vehicle is covered by an active policy of insurance and the insurance representative provides proof of coverage; or

2. Owner of the motor vehicle approves release of the vehicle to the insurance company representative.

(3) (a) Prior to payment of fees and release of the motor vehicle, a storage facility or towing company shall not refuse the right of physical inspection of the towed vehicle during posted business hours by:

1. An owner;

2. A lienholder;

3. A representative of the insurance company that insures the motor vehicle; or

4. A contracted service provider of the insurance company.

(b) The inspection of a vehicle that is being held as evidence by a law enforcement agency shall only occur if authorized by the investigating law enforcement agency. The law enforcement agency may impose any or all of the following restrictions:

1. Restrict the inspection to visual and touchless only; or

2. Require any persons or entities outlined in paragraph (a) of this subsection to be accompanied by a law enforcement officer.

(4) A towing company or storage facility shall accept payment made by any of the following means from an individual seeking to release a motor vehicle:

(a) Cash;

(b) Check from an insurer or its agent;

(c) Credit card;

(d) Debit card;

(e) Money order; or

(f) Check drawn by a bank or other financial institution.

(5) Upon receiving payment of all costs incurred against a motor vehicle, a towing company or storage facility shall provide to the person making payment an itemized receipt in accordance with KRS 281.926(4) and (5) to the extent the information is known or available.

(6) A towing company or storage facility shall be open for business or accessible by telephone during posted business hours. A towing company or storage facility shall provide a telephone number available on a twenty-four (24) hour basis to receive calls and messages from callers, including calls made outside posted business hours. All calls made to a towing company or storage facility shall be returned within twenty-four (24) hours from the time received. However, if adverse weather, an emergency situation, or another act over which the towing company or storage facility has no control prevents the towing company or storage facility from returning calls within twenty-four (24) hours, the towing company or storage facility shall return all calls received as quickly as possible.

(7) (a) Storage fees may be charged by a towing company or storage facility during a hold period initiated for potential evidence in any criminal or civil investigation.

(b) Subject to the conditions in paragraph (c) of this subsection, a reasonable daily storage rate of no more than the daily storage rate included on the published rate sheet may be charged during the hold period. A towing company or storage facility shall not charge any additional fee or combination of fees during the hold period other than:

1. A daily storage fee; or

2. Fees charged in accordance with the rate sheet for completed labor to assist with an inspection, as directed by the entity overseeing the investigation.

(c) If an insurer offers to provide a secure facility for storage during the hold period at no cost, the entity requesting the hold may allow the vehicle to be moved to the insurer's facility.

(d) Upon release of the hold and payment from the owner or insurer for all towing and storage charges set forth by the published rate sheet, the vehicle shall be released to the owner, insurer, or representative of the insurer.

➔Section 5. KRS 281.926 is amended to read as follows:

(1) This section applies to any towing company that engages in, or offers to engage in, emergency towing.

(2) ~~[Prior to attaching a motor vehicle to the tow truck,]~~The towing company shall furnish the vehicle's owner or operator, if the owner or operator is present at the scene of the disabled vehicle***, or***~~[and]~~ upon the owner's or operator's request, a rate sheet listing all rates for towing services, including but not limited to all rates for towing and associated fees, cleanup, labor, storage, and any other services provided by the towing company.

(3) (a) Any towing company or storage facility shall:

1. Post a rate sheet as described in subsection (2) of this section at its place of business;

2. Provide a current rate sheet to the nearest Department of Kentucky State Police post and any law enforcement agency in its service area;~~[and]~~

3. Make the rate sheet available upon a customer's request***; and***

4. Have only one (1) rate sheet that is applicable to all customers, regardless of the customer or entity responsible for payment of the services provided. This subparagraph shall not apply to negotiated rates in a contract between a towing company or storage facility and a law enforcement entity.

(b) Any charge in excess of the rate sheets provided under this subsection shall be deemed excessive. ***Any payments made that are deemed excessive shall be refunded to the payor within thirty (30) days of notification to the towing company or storage facility by the department. Any charge deemed excessive from a towing company or storage facility in relation to a property, casualty, or property and casualty insurance policy shall be a fraudulent insurance act in violation of KRS 304.47-020.***

(c) If a towing company fails to comply with any of the provisions of this subsection, the Department of Kentucky State Police and any local law enforcement agency in the company's service area shall remove that towing company from its wrecker log for a period of:

1. Six (6) months for the first violation; and

2. One (1) year for any subsequent violation.

(4) An itemized invoice of actual towing charges assessed by a towing company for a completed tow shall be made available to the owner of the motor vehicle or the owner's agent no later than one (1) business day after:

(a) The tow is completed; or

(b) The towing company has obtained all necessary information to be included on the invoice, including any charges submitted by subcontractors used by the towing company to complete the tow and recovery.

(5) The itemized invoice required under subsection (4) of this section shall contain the following information:

(a) The date and time the motor vehicle was towed;

(b) The location to which the motor vehicle was towed;

(c) The name, address, and telephone number of the towing company;

(d) A description of the towed motor vehicle, including the color, make, model, year, and vehicle identification number of the motor vehicle;

(e) The license plate number and state of registration for the towed motor vehicle;

(f) The cost of the original towing service;

(g) The cost of any vehicle storage fees, expressed as a daily rate;

(h) Other fees, including documentation fees and motor vehicle search fees; and

(i) A list of the services that were performed under a warranty or that were otherwise performed at no cost to the owner of the motor vehicle.

(6) Any service or fee in addition to the services or fees described in subsection (5)(f), (g), or (h) of this section shall be set forth individually as a single line item on the invoice required by this section, with an explanation and the exact charge for the service or the exact amount of the fee.

(7) A copy of each invoice and receipt submitted by a tow truck operator in accordance with this section shall:

(a) Be retained by the towing company for a period of two (2) years from the date of issuance; and

(b) Throughout the two (2) year period described in this subsection, be made available for inspection and copying not later than forty-eight (48) hours after receiving a written request for inspection from:

1. A law enforcement agency;

2. The Attorney General;

3. A city attorney, county attorney, or the prosecuting attorney having jurisdiction in the location of any of the towing company's business locations;

4. The disabled motor vehicle's owner or lienholder;

5. An agent of the disabled motor vehicle's owner or lienholder; or

6. Any individual involved in the underlying collision, his or her respective insurance companies, or his or her legal representatives, if the disabled motor vehicle was involved in a collision.

➔Section 6. KRS 281.010 is amended to read as follows:

As used in this chapter:

(1) "Automobile club" means a person that, for consideration, promises to assist its members or subscribers in matters relating to the assumption of or reimbursement of the expense or a portion thereof for towing of a motor vehicle; emergency road service; matters relating to the operation, use, and maintenance of a motor vehicle; and the supplying of services which includes, augments, or is incidental to theft or reward services, discount services, arrest bond services, lock and key services, trip interruption services, and legal fee reimbursement services in defense of traffic-related offenses;

(2) "Automobile utility trailer" means any trailer or semitrailer designed for use with and towed behind a passenger motor vehicle;

(3) "Automobile utility trailer certificate" means a certificate authorizing a person to engage in the business of automobile utility trailer lessor;

(4) "Automobile utility trailer lessor" means any person operating under an automobile utility trailer certificate who is engaged in the business of leasing or renting automobile utility trailers, but shall not include the agents of such persons;

(5) "Broker" means a person selected by the cabinet through a request for proposal process to coordinate human service transportation delivery within a specific delivery area. A broker may also provide transportation services within the specific delivery area for which the broker is under contract with the cabinet;

(6) "Bus" means a motor vehicle operating under a bus certificate transporting passengers for hire between points over regular routes;

(7) "Bus certificate" means a certificate granting authority for the operation of one (1) or more buses;

(8) "Cabinet" means the Kentucky Transportation Cabinet;

(9) "Certificate" means a certificate of compliance issued under this chapter to motor carriers;

(10) "Charter bus" means a motor vehicle operating under a charter bus certificate providing for-hire intrastate transportation of a group of persons who, pursuant to a common purpose under a single contract at a fixed charge for the motor vehicle, have acquired the exclusive use of the motor vehicle to travel together under an itinerary either specified in advance or modified after having left the place of origin;

(11) "Charter bus certificate" means a certificate granting authority for the operation of one (1) or more charter buses;

(12) "Commissioner" means the commissioner of the Department of Vehicle Regulation;

(13) "CTAC" means the Coordinated Transportation Advisory Committee created in KRS 281.870;

(14) "Department" means the Department of Vehicle Regulation;

(15) "Delivery area" means one (1) or more regions established by the cabinet in administrative regulations promulgated under KRS Chapter 13A for the purpose of providing human service transportation delivery in that region;

(16) "Disabled persons vehicle carrier" means a motor carrier for hire, transporting passengers including the general public who require transportation in disabled persons vehicles;

(17) "Disabled persons vehicle" means a motor vehicle operating under a disabled persons vehicle certificate especially equipped for the transportation of passengers with disabilities in accordance with 49 C.F.R. pt. 38, and is designed or constructed with not more than fifteen (15) regular seats. It shall not mean an ambulance as defined in KRS 311A.010. It shall not mean a motor vehicle equipped with a stretcher;

(18) "Disabled persons vehicle certificate" means a certificate granting authority for the operation of one (1) or more disabled persons vehicles transporting passengers for hire;

(19) "Driveaway" means the transporting and delivering of motor vehicles, except semitrailers and trailers, whether destined to be used in either a private or for-hire capacity, under their own power or by means of a full mount method, saddle mount method, the tow bar method, or any combination of them over the highways of this state from any point of origin to any point of destination for hire. "Driveaway" does not include the transportation of such vehicles by the full mount method on trailers or semitrailers;

(20) "Driveaway certificate" means a certificate granting authority for the operation of one (1) or more motor carrier vehicles operating as a driveaway;

(21) "Driver" means the person physically operating the motor vehicle;

(22) "Flatbed/rollback service" means a form of towing service which involves moving vehicles by loading them onto a flatbed platform;

(23) "Fully autonomous vehicle" has the same meaning as in KRS 186.760;

(24) "Highway" means all public roads, highways, streets, and ways in this state, whether within a municipality or outside of a municipality;

(25) "Household goods" has the same meaning as in 49 C.F.R. sec. 375.103;

(26) "Household goods carrier" has the same meaning as "household goods motor carrier" in 49 C.F.R. sec. 375.103;

(27) "Household goods certificate" means a certificate granting authority for the operation of one (1) or more household goods vehicles;

(28) "Human service transportation delivery" means the provision of transportation services to any person that is an eligible recipient in one (1) of the following state programs:

(a) Nonemergency medical transportation under KRS Chapter 205;

(b) Mental health, intellectual disabilities, or comprehensive care under KRS Chapter 202A, 202B, 210, or 645;

(c) Work programs for public assistance recipients under KRS Chapter 205;

(d) Adult services under KRS Chapter 205, 209, 216, or 273;

(e) Vocational rehabilitation under KRS Chapter 151B or 157; or

(f) Blind industries or rehabilitation under KRS Chapter 151B or 163;

(29) "Interstate commerce" has the same meaning as in 49 C.F.R. sec. 390.5;

(30) "Intrastate commerce" has the same meaning as in 49 C.F.R. sec. 390.5;

(31) "Limousine" means a motor vehicle operating under a limousine certificate that is designed or constructed with not more than fifteen (15) regular seats;

(32) "Limousine certificate" means a certificate granting authority for the operation of one (1) or more limousines transporting passengers for hire;

(33) "Mobile application" means an application or a computer program designed to run on a smartphone, tablet computer, or other mobile device that is used by a TNC to connect drivers with potential passengers;

(34) "Motor carrier" means any person in either a private or for-hire capacity who owns, controls, operates, manages, or leases, except persons leasing to authorized motor carriers, any motor vehicle for the transportation of passengers or property upon any highway, and any person who engages in the business of automobile utility trailer lessor, vehicle towing, driveaway, or U-Drive-It;

(35) "Motor carrier vehicle" means a motor vehicle, including a fully autonomous vehicle, used by a motor carrier to transport passengers or property;

(36) "Motor carrier vehicle license" means a license issued by the department for a motor carrier vehicle authorized to operate under a certificate;

(37) "Motor carrier license plate" means a license plate issued by the department to a motor carrier authorized to operate under a certificate other than a household goods, property, TNC, peer-to-peer car sharing, or U-Drive-It certificate;

(38) "Motor vehicle" means any motor-propelled vehicle used for the transportation of passengers or property on a public highway, including any such vehicle operated as a unit in combination with other vehicles;

(39) "Passenger" means an individual or group of people;

(40) "Peer-to-peer car sharing":

(a) Means the authorized use of a motor vehicle by an individual other than the vehicle's owner through a peer-to-peer car sharing program; and

(b) Does not:

1. Include the operation of a U-Drive-It certificate as defined in this section; or

2. Involve the sale or provision of rental vehicle insurance as defined in KRS 304.9-020;

(41) "Peer-to-peer car sharing certificate" means a certificate granting the authority for the operation of a peer-to-peer car sharing program;

(42) "Peer-to-peer car sharing company" means a person that operates a peer-to-peer car sharing program;

(43) "Peer-to-peer car sharing program":

(a) Means a business platform that connects shared vehicle owners with shared vehicle drivers to enable the sharing of motor vehicles for financial consideration; and

(b) Does not include a:

1. U-Drive-It;

2. Motor vehicle renting company as defined in KRS 281.687;

3. Rental vehicle agent as defined in KRS 304.9-020; or

4. Service provider that is solely providing hardware or software as a service to a person or entity that is not effectuating payment of financial consideration for use of a shared vehicle;

(44) "Permit" means a temporary permit of compliance issued under this chapter for a specified period not to exceed ten (10) days, and for a specific vehicle, to any motor carrier, including one who is a nonresident of the Commonwealth, who operates a motor vehicle and is not entitled to an exemption from the payment of fees imposed under KRS 186.050 because of the terms of a reciprocal agreement between the Commonwealth and the state in which the vehicle is licensed;

(45) "Person" means any individual, firm, partnership, corporation, company, association, or joint stock association, and includes any trustee, assignee, or personal representative thereof;

(46) "Platoon" means a group of two (2) individual commercial motor vehicles traveling in a unified manner at electronically coordinated speeds at following distances that are closer than would ordinarily be allowed under KRS 189.340(9)(b);

(47) "Prearranged ride" means the period of time that begins when a transportation network company driver accepts a requested ride through a digital network or mobile application, continues while the driver transports the rider in a personal vehicle, and ends when the transportation network company services end;

(48) "Pre-trip acceptance liability policy" means the transportation network company liability insurance coverage for incidents involving the driver for a period of time when a driver is logged into a transportation network company's digital network or mobile application but is not engaged in a prearranged ride;

(49) "Property" means general or specific commodities, including hazardous and nonhazardous materials;

(50) "Property certificate" means a certificate granting authority for the transportation of property, other than household goods, not exempt under KRS 281.605;

(51) "Recovery":

(a) Means a form of towing service which involves moving vehicles by the use of a wheel-lift device, such as a lift, crane, hoist, winch, cradle, jack, automobile ambulance, tow dolly, or any other similar device as requested by a state or local law enforcement agency; and

(b) Includes:

1. Relocating a vehicle or cargo from a place where towing is not possible to a place where towing is possible; and

2. The cleanup of debris or cargo, and returning an area to pre-event condition;

(52) "Regular route" means the scheduled transportation of passengers between designated points over designated routes under time schedules that provide a regularity of services;

(53) "Regular seat" means a seat ordinarily and customarily used by one (1) passenger and, in determining such seating capacity, the manufacturer's rating may be considered;

(54) "Shared vehicle":

(a) Means a motor vehicle that is available for car sharing through a peer-to-peer car sharing program; and

(b) Does not include a motor vehicle leased or rented by a person operating under a U-Drive-It certificate;

(55) "Shared vehicle driver" means an individual who has been authorized to drive the shared vehicle by the shared vehicle owner under a car sharing program agreement;

(56) "Shared vehicle owner":

(a) Means the registered owner, or a person designated by the registered owner, of a motor vehicle made available for sharing to shared vehicle drivers, through a peer-to-peer car sharing program; and

(b) Does not include a:

1. Person operating a U-Drive-It certificate;

2. Motor vehicle renting company as defined in KRS 281.687; or

3. Rental vehicle agent as defined in KRS 304.9-020;

(57) "Storage facility" means any lot, facility, or other property used to store motor vehicles that have been removed from another location by a tow truck;

(58) "Street hail" means a request for service made by a potential passenger using hand gestures or verbal statement;

(59) "Subcontractor" means a person who has signed a contract with a broker to provide human service transportation delivery within a specific delivery area and who meets human service transportation delivery requirements, including proper operating authority;

(60) "Tariff" means the listing of compensation received by a motor carrier for household goods that includes the manner in which and the amount of fares an authorized motor carrier may charge;

(61) "Taxicab" means a motor vehicle operating under a taxicab certificate that is designed or constructed with not more than eight (8) regular seats and may be equipped with a taximeter;

(62) "Taxicab certificate" means a certificate granting authority for the operation of one (1) or more taxicabs transporting passengers for hire;

(63) "Taximeter" means an instrument or device approved by the department that automatically calculates and plainly indicates the charge to a passenger for hire who is being charged on the basis of mileage;

(64) "Tow truck" means a motor vehicle equipped to provide any form of towing service, including recovery service or flatbed/rollback service;

(65) "Tow truck operator" means an individual who operates a tow truck as an employee or agent of a towing company;

(66) "Towing" means:

(a) Emergency towing, which is the towing of a motor vehicle, with or without the owner's consent, because of:

1. A motor vehicle accident on a public highway;

2. An incident related to an emergency; or

3. An incident that necessitates the removal of the motor vehicle from a location for public safety reasons;

(b) Private property towing, which is the towing of a motor vehicle, without the owner's consent, from private property:

1. On which the motor vehicle was illegally parked; or

2. Because of an exigent circumstance necessitating its removal to another location; and

(c) Seizure towing, which is the towing of a motor vehicle for law enforcement purposes involving the:

1. Maintenance of the chain of custody of evidence;

2. Forfeiture of assets; or

3. Delinquency of highway fuel tax, weight distance tax, or any other taxes and fees administered by the Transportation Cabinet;

(67) ***"Towing and storage certificate" means a certificate granting authority for the operation of one (1) or more tow trucks, storage facilities, or both;***

(68) "Towing company":

(a) Means a service or business operating as a motor carrier that:

1. Tows or otherwise moves motor vehicles by means of a tow truck; or

2. Owns or operates a storage ***facility***~~[lot]~~;

(b) Includes a tow truck operator acting on behalf of a towing company when appropriate in the context; and

(c) Does not include an automobile club, car dealership, insurance company, repossession company, lienholders and entities hired by lienholders for the purpose of repossession, local government, or any other entity that contracts with a towing company;

(69)~~[(68)]~~ "Transportation network company" or "TNC" means a person or entity that connects passengers through its digital network or mobile application to its drivers for the provision of transportation network company services;

(70)~~[(69)]~~ "Transportation network company certificate" or "TNC certificate" means a certificate granting the authority for the operation of one (1) or more transportation network company vehicles transporting passengers for hire;

(71)~~[(70)]~~ "Transportation network company driver" or "TNC driver" means an individual who operates a motor vehicle that is owned or leased by the individual, or a motor vehicle for which the driver is an insured driver

and has the permission of the owner or lessee of the motor vehicle, and used to provide transportation network company services;

(72) ~~[(71)]~~ "Transportation network company service" or "TNC service" means a prearranged passenger transportation service offered or provided through the use of a transportation network company mobile application or digital network to connect potential passengers with transportation network company drivers;

(73) ~~[(72)]~~ "Transportation network company vehicle" or "TNC vehicle" means a privately owned or leased motor vehicle, including a fully autonomous vehicle, designed or constructed with not more than eight (8) regular seats, operating under a transportation network company certificate;

(74) ~~[(73)]~~ "U-Drive-It" means any person operating under a U-Drive-It certificate who leases or rents a motor vehicle for consideration to be used for the transportation of persons or property, but for which no driver is furnished, and the use of which motor vehicle is not for the transportation of persons or property for hire by the lessee or rentee; and

(75) ~~[(74)]~~ "U-Drive-It certificate" means a certificate granting authority for the operation of one (1) or more U-Drive-Its.

➔Section 7. KRS 281.990 is amended to read as follows:

(1) Except as provided in subsections (4) and (5) of this section, a person shall be fined not less than twenty-five dollars ($25) and no more than two hundred dollars ($200), if the person:

(a) Violates, causes, aids, or abets any violation of the provisions of this chapter, or any order, rule, or administrative regulation lawfully issued pursuant to authority granted by this chapter;

(b) Knowingly makes any false or erroneous statement, report, or representation to the Department of Vehicle Regulation with respect to any matter placed under the jurisdiction of the department by this chapter;

(c) Knowingly makes any false entry in the accounts or records required to be kept pursuant to the authority granted by this chapter; or

(d) Knowingly fails to keep, or knowingly destroys or mutilates, any accounts or records.

Every device to evade or to prevent the application of any provision of this chapter, or any lawful order, rule or administrative regulation of the department issued pursuant thereto, shall constitute a violation thereof.

(2) (a) Any person who violates KRS 281.630(1) or 281.631(1) shall be fined not less than five hundred dollars ($500) nor more than three thousand five hundred dollars ($3,500).

(b) Any person who operates as a motor carrier in violation of the terms of his or her certificate or motor carrier vehicle license shall be fined not less than five hundred dollars ($500) nor more than three thousand five hundred dollars ($3,500).

(3) A person who violates KRS 281.630(9) shall not be subject to a penalty under this section.

(4) (a) Except as provided in this subsection, any person who violates KRS 281.757 shall be fined two hundred fifty dollars ($250) for each offense.

(b) A person who is cited for a violation of KRS 281.757 in which the lights were inoperable or the reflectors were missing may, within thirty (30) days from the date of the citation, provide proof to the county attorney of the county in which the offense occurred that the mechanical problem has been repaired and that the lights are in working order or that the required reflectors have been placed on the vehicle. If such proof is shown, the citation shall be dismissed.

(c) A law enforcement officer and the department shall not issue a citation to a person as violating KRS 281.757 if the atmospheric conditions all motorists were subjected to at the time the person is stopped reasonably limit the ability of a person to keep the vehicle's lights or reflectors from being obscured by dirt, mud, or debris.

(5) ***(a) A towing company or storage facility which violates KRS 281.920 to 281.936 shall be subject the following administrative penalties levied by the cabinet:***

1. For each violation, up to four (4) violations within a three (3) year period, the towing company or storage facility shall have its certificate suspended for thirty (30) days; and

2. For each subsequent violation within a three (3) year period, a towing company or storage facility shall have its certificate suspended for twelve (12) months.

(b) During a period when a towing company or storage facility has had its certificate suspended, the towing company or storage facility shall not charge fees.

(6) The cabinet may promulgate administrative regulations in accordance with KRS Chapter 13A to set ***additional*** penalties for violations of KRS 281.920 to 281.936.

Signed by Governor April 1, 2025.

CHAPTER 153

(HB 555)

AN ACT relating to local government financial practices.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 91A.040 is amended to read as follows:

(1) Except as provided in subsections (2) ***and (3)***~~[to (4)]~~ of this section, each city shall, after the close of each fiscal year, cause each fund of the city to be audited by the Auditor of Public Accounts or a certified public accountant. The audit shall be completed by March 1 immediately following the fiscal year being audited. The city shall forward an electronic copy of the audit report to the Department for Local Government for information purposes by no later than April 1 immediately following the fiscal year being audited.

(2) In lieu of the annual audit requirements in subsection (1) of this section, a city with a population equal to or less than ***three***~~[one]~~ thousand ***(3,000)***~~[(1,000)]~~ based upon the most recent federal decennial census may elect to have an audit performed every other fiscal year in the following manner:

(a) After the close of each odd-numbered fiscal year, the city shall for that odd-numbered year cause each fund of the city to be audited by the Auditor of Public Accounts or a certified public accountant. The audits shall be completed by March 1 immediately following the fiscal year to be audited. The city shall forward an electronic copy of the audit report to the Department for Local Government for information purposes by no later than April 1 immediately following the fiscal year being audited; and

(b) After the close of each even-numbered fiscal year, the city shall not be required to complete an annual audit but shall forward an electronic copy of its financial statement prepared in accordance with KRS 424.220 to the Department for Local Government by no later than October 1 immediately following the close of the even-numbered fiscal year.

~~[(3) In lieu of the annual audit requirements in subsection (1) of this section, a city with a population of more than one thousand (1,000) but less than two thousand (2,000) based upon the most recent federal decennial census may elect to have an audit performed every other fiscal year to cover the two (2) fiscal years occurring since the prior audit in the following manner:~~

~~(a) After the close of each odd-numbered fiscal year, the city shall cause each fund of the city to be audited by the Auditor of Public Accounts or a certified public accountant. The audit shall include both fiscal years since the prior audit and shall be completed by March 1 immediately following the fiscal years to be audited. The city shall forward an electronic copy of the audit report to the Department for Local Government for information purposes by no later than April 1 immediately following the fiscal years being audited; and~~

~~(b) After the close of each even-numbered fiscal year, the city shall not be required to complete an annual audit but shall forward an electronic copy of its financial statement prepared in accordance with KRS 424.220 to the Department for Local Government by no later than October 1 immediately following the close of the even-numbered fiscal year.]~~

(3)~~[(4)]~~ Any city, which for any fiscal year receives and expends, from all sources and for all purposes, less than ***five***~~[one]~~ hundred ~~[fifty]~~thousand dollars ***($500,000)***~~[($150,000)]~~, and which has no long-term debt, whether

general obligation or revenue debt, shall not be required to audit each fund of the city for that particular fiscal year. In addition, each city exempted in accordance with this subsection shall:

(a) Annually prepare a financial statement in accordance with KRS 424.220 and shall, not later than October 1 following the conclusion of the fiscal year, forward one (1) electronic copy to the Department for Local Government for information purposes; and

(b) If exempted under this subsection for more than four (4) consecutive fiscal years after July 1, 2022, have prepared an attestation engagement covering the fourth fiscal year in which the city qualified for an exemption under this subsection. An attestation engagement completed pursuant to this subsection shall be:

1. Prepared by an independent certified public accountant or by the Auditor of Public Accounts pursuant to a contract with the city using generally accepted attestation standards as promulgated by the American Institute of Certified Public Accountants and any additional procedures established by the Department for Local Government through administrative regulation;

2. Completed by no later than March 1 immediately following the conclusion of the fiscal year in which in the attestation engagement is required;

3. Submitted to the Department for Local Government as one (1) electronic copy no later than April 1 after its completion;

4. Advertised to the public within thirty (30) days of its completion by causing the publication of a legal display advertisement of not less than six (6) column inches in a newspaper qualified under KRS 424.120 stating that the attestation has been prepared and copies have been provided to each local newspaper of general circulation, each news service, and each local radio and television station which has on file with the city a written request to receive copies of financial statements under KRS 424.220. Any city advertising under this subparagraph shall be exempt from publishing its financial statement under KRS 424.220(6)(b) for any year in which it is required to have an attestation engagement completed; and

5. Provided to the Auditor of Public Accounts upon request for review of the final report and all related work papers and documents regarding the attestation engagement.

(4) ~~[(5)]~~ If a city is required by another provision of law to audit its funds more frequently or more stringently than is required by this section, the city shall also comply with the provisions of that law.

(5) ~~[(6)]~~ The Department for Local Government shall, upon request, make available electronic copies of the audit reports and financial statements received by it under subsections (1) to ***(3)*** ~~[(4)]~~ of this section to the Legislative Research Commission to be used for the purposes of KRS 6.955 to 6.975 or to the Auditor of Public Accounts.

(6) ~~[(7)]~~ Each city required by this section to conduct an annual or biennial audit shall enter into a written contract with ***an auditor, who shall be a certified public accountant or the Auditor of Public Accounts*** ~~[the selected auditor]~~. The contract shall set forth all terms and conditions of the agreement which shall include but not be limited to requirements that:

(a) The auditor be employed to examine the basic financial statements, which shall include the government-wide and fund financial statements;

(b) The auditor shall include in the annual or biennial city audit report an examination of local government economic assistance funds granted to the city under KRS 42.450 to 42.495. The auditor shall include a certification with the annual or biennial audit report that the funds were expended for the purpose intended;

(c) All audit information be prepared in accordance with generally accepted governmental auditing standards which include tests of the accounting records and auditing procedures considered necessary in the circumstances. Where the audit is to cover the use of state or federal funds, appropriate state or federal guidelines shall be utilized;

(d) The auditor shall prepare a typewritten or printed report embodying:

1. The basic financial statements and accompanying supplemental and required supplemental information;

2. The auditor's opinion on the basic financial statements or reasons why an opinion cannot be expressed; and

3. Findings required to be reported as a result of the audit;

(e) The completed audit and all accompanying documentation shall be presented to the city legislative body at a regular or special meeting; and

(f) Any contract with a certified public accountant for an audit shall require the accountant to forward a copy of the audit report and management letters to the Auditor of Public Accounts upon request of the city or the Auditor of Public Accounts, and the Auditor of Public Accounts shall have the right to review the certified public accountant's work papers upon request.

(7) ~~[(8)]~~ A copy of an audit report which meets the requirements of this section shall be considered satisfactory and final in meeting any official request to a city for financial data, except for statutory or judicial requirements, or requirements of the Legislative Research Commission necessary to carry out the purposes of KRS 6.955 to 6.975.

(8) ~~[(9)]~~ Each city shall, within thirty (30) days after the presentation of an audit to the city legislative body, publish an advertisement in accordance with KRS Chapter 424 containing:

(a) The auditor's opinion letter;

(b) The "Budgetary Comparison Schedules-Major Funds," which shall include the general fund and all major funds;

(c) A statement that a copy of the complete audit report, including financial statements and supplemental information, is on file at city hall and is available for public inspection during normal business hours;

(d) A statement that any citizen may obtain from city hall a copy of the complete audit report, including financial statements and supplemental information, for his or her personal use;

(e) A statement which notifies citizens requesting a personal copy of the city audit report that they will be charged for duplication costs at a rate that shall not exceed twenty-five cents ($0.25) per page; and

(f) A statement that copies of the financial statement prepared in accordance with KRS 424.220, when a financial statement is required by KRS 424.220, are available to the public at no cost at the business address of the officer responsible for preparation of the statement.

(9) ~~[(10)]~~ Any resident of the city or owner of real property within the city may bring an action in the Circuit Court to enforce the provisions of this section. Any person who violates any provision of this section shall be fined not less than fifty dollars ($50) nor more than five hundred dollars ($500). In addition, any officer who fails to comply with any of the provisions of this section shall, for each failure, be subject to a forfeiture of not less than fifty dollars ($50) nor more than five hundred dollars ($500), in the discretion of the court, which may be recovered only once in a civil action brought by any resident of the city or owner of real property within the city. The costs of all proceedings, including a reasonable fee for the attorney of the resident or property owner bringing the action, shall be assessed against the unsuccessful party.

(10) ~~[(11)]~~ In the event of extenuating circumstances that prevent a city from completing and submitting a required audit or financial statement in compliance with the applicable deadlines in subsections (1) to ***(3)*** ~~[(4)]~~ of this section, the city may submit a written request for an extension of time to the Department for Local Government on a form prescribed by the Department for Local Government. The Department for Local Government shall approve the request if~~[it is submitted on or before the applicable deadline and]~~, in the judgment of the Department for Local Government, the request is warranted by extenuating circumstances beyond the control of the city ***or other factors that justify the city's noncompliance with the required deadlines. The Department for Local Government may consider any evidence it deems appropriate, including but not limited to proof of the city's progress towards compliance***. Extensions granted under this subsection shall not exceed ***eighteen (18)*** ~~[nine (9)]~~ months from the original due date of the audit or financial statement. If the Department for Local Government approves an extension for a city and the city fails to complete and submit the required audit or financial statement in compliance with that extended deadline, then the provisions of subsection ***(11)*** ~~[(12)]~~ of this section shall apply.

(11) ~~[(12)]~~ If a city fails to complete an audit or financial statement and submit it to the Department for Local Government as required in subsections (1) to ***(3)*** ~~[(4)]~~ and ***(10)*** ~~[(11)]~~ of this section, the Department for Local Government shall notify the Finance and Administration Cabinet that the city has failed to comply with the audit requirements of this section, and that any funds in the possession of any agency, entity, or branch of state

government shall be withheld from the city until further notice. The Department for Local Government shall immediately notify the Finance and Administration Cabinet when the city complies with the requirements of subsections (1) to ***(3)*** ~~[(4)]~~ and ***(10)*** ~~[(11)]~~ of this section for all prior fiscal years it has failed to comply with the audit requirements of this section, and the Finance and Administration Cabinet shall direct the reinstatement of payments to the city, including any funds that were withheld due to the noncompliance. ***This subsection shall not be interpreted or construed to permit the state to withhold any nondiscretionary payments to a city that are due the city for the provision of services by the city to the state or any of its agencies, including for the use of city utilities.***

(12) ~~[(13)]~~ Within a reasonable time after the completion of a special audit or examination conducted pursuant to KRS 43.050, the Auditor shall bill the city for the actual expense of the audit or examination conducted. The actual expense shall include the hours of work performed on the audit or examination as well as reasonable associated costs, including but not limited to travel costs. The bill submitted to the city shall include a statement of the hourly rate, total hours, and total costs for the entire audit or examination.

➔Section 2. KRS 65.003 is amended to read as follows:

(1) (a) The governing body of each city, county, urban-county, consolidated local government, and charter county, shall adopt, by ordinance, a code of ethics which shall apply to all elected officials of the city, county, urban-county, consolidated local government, or charter county, and to appointed officials and employees of the city, county, urban-county, consolidated local government, or charter county government, or agencies created jointly, as specified in the code of ethics. The elected officials of a city, county, or consolidated local government to which a code of ethics shall apply include the mayor, county judge/executive, members of the governing body, county clerk, county attorney, sheriff, jailer, coroner, surveyor, and constable but do not include members of any school board. Agencies created jointly may include planning or administrative commissions or boards. Candidates for the local government elective offices specified in this subsection shall comply with the annual financial disclosure statement filing requirements contained in the code of ethics.

(b) The boards, officers, and employees of special purpose governmental entities shall be subject to a code of ethics as provided in KRS 65A.070. As used in this section, special purpose governmental entity has the same meaning as in KRS 65A.010.

(2) Any city, county, or consolidated local government may enter into a memorandum of agreement or an interlocal agreement with one (1) or more other cities, counties, or consolidated local governments for joint adoption of a code of ethics which shall apply to all elected officials of the cities, counties, or consolidated local governments, and to appointed officials and employees as specified by each of the cities, counties, or consolidated local governments which enters into the agreement. Interlocal agreements shall be executed pursuant to the Interlocal Cooperation Act in KRS 65.210 to 65.300. The interlocal agreement or memorandum of agreement may provide for but shall not be limited to:

(a) The provision of administrative services relating to the implementation of a code of ethics;

(b) The creation of a regional ethics board which serves independently to provide advice to member governments and their officials and provides for the enforcement of locally adopted codes of ethics; and

(c) Contracting by a memorandum of agreement with an area development district for the provision of administrative services relating to the implementation of a code of ethics.

Candidates for the city, county, or consolidated local government elective offices specified in this subsection shall comply with the annual financial disclosure statement filing requirements contained in the code of ethics.

(3) Each code of ethics adopted as provided by subsection (1) or (2) of this section, or amended as provided by subsection (4) of this section, shall include but not be limited to provisions which set forth:

(a) Standards of conduct for elected and appointed officials and employees;

(b) Requirements for creation of financial disclosure statements, which shall be filed annually by all candidates for the city, county, or consolidated local government elective offices specified in subsection (1) of this section, elected officials of each city, county, or consolidated local government, and other officials or employees of the city, county, or consolidated local government, as specified in the code of ethics, and which shall be filed with the person or group responsible for enforcement of the code of ethics;

(c) A policy on the employment of members of the families of officials or employees of the city, county, or consolidated local government, as specified in the code of ethics; and

(d) The designation of a person or group who shall be responsible for enforcement of the code of ethics, including maintenance of financial disclosure statements, all of which shall be available for public inspection, receipt of complaints alleging possible violations of the code of ethics, issuance of opinions in response to inquiries relating to the code of ethics, investigation of possible violations of the code of ethics, and imposition of penalties provided in the code of ethics.

(4) The code of ethics ordinance adopted by a city, county, or consolidated local government may be amended but shall not be repealed.

(5) (a) Within twenty-one (21) days of the adoption of the code of ethics required by this section, each city, county, or consolidated local government shall deliver a copy of the ordinance by which the code was adopted and proof of publication in accordance with KRS Chapter 424 to the Department for Local Government. The Department for Local Government shall maintain the ordinances as public records and shall maintain a list of city, county, or consolidated local governments which have adopted a code of ethics and a list of those which have not adopted a code of ethics.

(b) Within twenty-one (21) days of the amendment of a code of ethics required by this section, each city, county, or consolidated local government shall:

1. Deliver a copy of the ordinance by which the code was amended and proof of publication in accordance with KRS Chapter 424 to the Department for Local Government, which shall maintain the amendment with the ordinance by which the code was adopted; and

2. Deliver a copy of the ordinance by which the code was amended to the governing body of each special purpose governmental entity that follows that establishing entity's code of ethics pursuant to KRS 65A.070.

(c) For ordinances adopting or amending a code of ethics under this section, cities of the first class and consolidated local governments shall comply with the publication requirements of KRS 83A.060(9), notwithstanding the exception contained in that statute.

(6) If a city, county, or consolidated local government fails to comply with the requirements of this section, the Department for Local Government shall notify all state agencies, including area development districts, which deliver services or payments of money from the Commonwealth to the city, county, or consolidated local government. Those agencies shall suspend delivery of all services or payments to the city, county, or consolidated local government which fails to comply with the requirements of this section. The Department for Local Government shall immediately notify those same agencies when the city, county, or consolidated local government is in compliance with the requirements of this section, and those agencies shall reinstate the delivery of services or payments to the city, county, or consolidated local government. ***This subsection shall not be interpreted or construed to permit the state to withhold any nondiscretionary payments that are due to the city, county, or consolidated local government for the provision of services by the city, county, or consolidated local government to the state or any of its agencies, including for the use of utility services.***

(7) Notwithstanding KRS 67C.103(14)(e), a simple majority of the legislative council of a consolidated local government may delegate its authority to issue administrative subpoenas for the attendance and testimony of witnesses and the production of documents relevant to possible violations of the code of ethics to the person or a majority of the group responsible for enforcement of a code of ethics. Subpoenas shall be served in the same manner as subpoenas for witnesses in civil cases. Compliance with the subpoenas shall be enforceable by the Circuit Court. Any failure to obey an order of the court may be punished by the court as contempt thereof.

➔Section 3. KRS 65.920 is amended to read as follows:

(1) Any local government that fails to submit annually a uniform financial information report to the Department for Local Government shall be ineligible to receive county or municipal road aid moneys in accordance with KRS 177.360 or 177.366. Any local government receiving road aid moneys in accordance with KRS 177.365 to 177.369 or KRS 177.320 and 177.360 that fails to comply with the provisions of KRS 65.900 to 65.925 shall immediately have all road aid payments suspended until the local government submits the uniform financial information report to the Department for Local Government.

(2) If a local government receives payments of money from the Commonwealth and fails to comply with the provisions of KRS 65.900 to 65.925 or KRS 92.280(1), the state local finance officer may notify those agencies making payments to the local government of noncompliance, and those agencies shall immediately

suspend delivery of all payments to the local government except those payments made pursuant to KRS Chapter 154 or KRS 42.4588, until the state local finance officer determines that the local government has complied with the requirements of KRS 65.900 to 65.925 or KRS 92.280(1). ***This subsection shall not be interpreted or construed to permit the state to withhold any nondiscretionary payments to a city that are due the city for the provision of services by the city to the state or any of its agencies, including for the use of city utilities.***

➔Section 4. KRS 154.40-060 is amended to read as follows:

(1) All revenues derived by the corporation from the use of Eastern Kentucky Exposition Center, all contributions to the center from other sources, and any revenues derived by the corporation from any other source shall be used solely for the expenses of the center, including payment on debt; the cost of management and operation of its facilities; the creation of an adequate reserve for repair, replacement, debt service, and capital improvements; the procurement of insurance; and promotional activities.

(2) ***Unless an election is made pursuant to the provisions of subsection (3) of this section,*** the Auditor of Public Accounts shall conduct an annual audit of all funds of the corporation and its affiliated entities, if any, and report annually to the Governor and the Legislative Research Commission.

(3) (a) In lieu of having the Auditor of Public Accounts perform the annual audit under subsection (2) of this section:

1. A city government that appoints members to the board of the corporation may make an irrevocable election upon written notice to the Auditor of Public Accounts that it shall include the corporation within the city's annual audit conducted under the provisions of Section 1 of this Act. A city making an election pursuant to this subparagraph shall be reimbursed by the corporation for the direct costs it incurs as a result of the inclusion of the corporation within its annual audit; or

2. Upon written notification to the Auditor of Public Accounts, a city government meeting the requirements of subparagraph 1. of this paragraph and the board may jointly elect to have its annual audit performed by an independent auditor. Any audit performed by an independent auditor for the corporation shall be generally conducted and conform the requirements of subsection (6) of Section 1 of this Act.

(b) If an audit is performed under this subsection, the audit shall be forwarded to the Auditor of Public Accounts.

➔Section 5. KRS 42.460 is amended to read as follows:

Except as provided in KRS 91A.040***(6)***~~[(7)]~~(b), any assistance granted under KRS 42.450 to 42.495 shall include an agreement that an independent annual audit shall be conducted and that the audit report shall include a certification that the funds were expended for the purpose intended. A copy of the audit and certification of compliance shall be forwarded to the Department for Local Government, in the case of assistance granted from the local government economic assistance fund or the local government economic development fund as allocated in KRS 42.4592(1)(a) and (b), or to the Cabinet for Economic Development and the Kentucky Economic Development Finance Authority, in the case of assistance granted from the local government economic development fund, within eighteen (18) months after the end of the fiscal year.

➔Section 6. KRS 424.220 is amended to read as follows:

(1) Excepting officers who are exempted under subsection (8) of this section, every public officer of any city, county, or district less than a county, or of any board, commission, or other authority of a city, county, or district whose duty it is to collect, receive, have the custody, control, or disbursement of any funds collected from the public in any form shall, at the expiration of each fiscal year, prepare an itemized, sworn statement of the funds collected, received, held, or disbursed by him or her during the fiscal year just closed, unless he or she has complied with KRS 424.230.

(2) The statement shall show:

(a) The total amount of funds collected and received during the fiscal year from each individual source; and

(b) The total amount of funds disbursed during the fiscal year to each individual payee. The list shall include only aggregate amounts to vendors exceeding one thousand dollars ($1,000).

(3) Only the totals of amounts paid to each individual as salary or commission and public utility bills shall be shown. The amount of salaries paid to all nonelected county employees shall be shown as lump-sum expenditures by category, including but not limited to road department, jails, solid waste, public safety, and administrative personnel.

(4) The financial reporting and publishing requirements for a school district are provided in KRS 160.463.

(5) The officer shall procure and include in or attach to the financial statement, as a part thereof, a certificate from the cashier or other proper officer of the banks in which the funds are or have been deposited during the past year, showing the balance, if any, of funds to the credit of the officer making the statement.

(6) To provide notice to the public that the city's financial statement has been completed as required by this section:

(a) The appropriate officer of a city that has performed an audit under KRS 91A.040 for the fiscal year or years, including the appropriate officer of any municipally owned electric, gas, or water system, shall publish the audit report in accordance with KRS 91A.040***(8)*** ~~[(9)]~~; and

(b) The appropriate officer of a city that has not conducted an annual audit for the fiscal year under one (1) of the exceptions provided in KRS 91A.040(2) ***or*** ~~[,]~~ (3)~~[, or (4)]~~ shall publish a legal display advertisement of not less than six (6) column inches in a newspaper qualified under KRS 424.120 that the statement required by subsection (1) of this section has been prepared and that copies have been provided to each local newspaper of general circulation, each news service, and each local radio and television station which has on file with the city a written request to be provided a statement. The advertisement shall be published within ninety (90) days after the close of the fiscal year.

(7) To provide notice to the public that the county's financial statement has been completed as required by this section, the appropriate officer of a county shall publish the county's audit, prepared in accordance with KRS 43.070 or 64.810, in the same manner that city audits are published in accordance with KRS 91A.040***(8)*** ~~[(9)]~~.

(8) The provisions of this section shall not apply to officers of:

(a) A city of the first class;

(b) A county containing a city of the first class;

(c) A consolidated local government;

(d) An urban-county government;

(e) A city with a population equal to or greater than twenty thousand (20,000) based upon the most recent federal decennial census;

(f) A public agency or joint public agency of a:

1. City of the first class;

2. Consolidated local government; or

3. County containing a city of the first class; or

(g) A school district of a:

1. City of the first class;

2. Consolidated local government; or

3. County containing a city of the first class.

➔Section 7. KRS 68.020 is amended to read as follows:

(1) The county treasurer shall receive and receipt for all money due the county from its collecting officers or from any other person whose duty it is to pay money into the county treasury, and shall disburse such money in such manner and for such purpose as may be authorized by appropriate authority of the fiscal court. ***The county treasurer*** ~~[He]~~ shall not disburse any money received~~[by him]~~ for any purpose other than that for which it was collected and paid over~~[to him]~~, and when~~[he pays out]~~ money ***is paid out, the county treasurer*** ~~[he]~~ shall take a receipt therefor. All warrants for the payment of funds from the county treasury shall be co-signed by the county treasurer and the county judge/executive***, unless subject to a standing order as set out in subsection (3) of Section 8 of this Act***.

(2) ***The county treasurer***~~[He]~~ may, and when directed by the fiscal court shall, invest the funds of the county pursuant to KRS 66.480.

(3) ***The county treasurer***~~[He]~~ may, and when directed by the fiscal court shall, institute actions in the name of the county against all delinquent sheriffs or collectors of the county, and against anyone having money belonging to the county who fails or refuses to pay it over on demand when due. ***The county treasurer***~~[He]~~ shall keep a record of all actions he ***or she*** is directed to institute on behalf of the county, showing their condition and the money collected thereunder.

(4) ***The county treasurer***~~[He]~~ shall keep an accurate detailed account of all money received and disbursed by him ***or her*** for the county, and shall keep books of accounts of the financial transactions of the county in the manner required by the uniform system of accounting prescribed by the state local finance officer.

(5) The county treasurer shall, when required by the fiscal court, settle his ***or her*** accounts as county treasurer, and within thirty (30) days after the close of each fiscal year, he ***or she*** shall, unless his immediate predecessor has done so, make a full and complete settlement for the preceding fiscal year with the fiscal court or with a person or persons whom the fiscal court, by order of record, appoints to make settlement with ***the county treasurer***~~[him]~~. In case of a vacancy, the county judge/executive shall call a special meeting which shall proceed in the manner it deems proper to settle the accounts of the county treasurer.

(6) Payment of approved expenses may be made by means of electronic funds transfers from an authorized account of the county. The signature requirement in subsection (1) of this section may be met via electronic signature.

➔Section 8. KRS 68.275 is amended to read as follows:

(1) Claims against the county that are within the amount of line items of the county budget and arise pursuant to contracts duly authorized by the fiscal court shall be paid by the county judge/executive by a warrant drawn on the county and co-signed by the county treasurer.

(2) The county judge/executive shall present all claims to the fiscal court for review prior to payment and the court, for good cause shown, may order that a claim not be paid.

(3) The fiscal court may adopt an order, called a standing order, to preapprove the payment of recurrent monthly payroll and utility expenses ***and payments to vendors that regularly provide services to the county***. No other expenses shall be preapproved pursuant to this subsection without the written consent of the state local finance officer. Notwithstanding KRS 68.020(1), payment of preapproved expenses may be made by means of electronic funds transfers from an authorized account of the county without the cosignatures of the county judge/executive and the county treasurer if approved by the fiscal court in a standing order, and if the fiscal court has received the payee's prior written consent for the payment of funds by electronic funds transfer due the payee. All standing orders adopted by the fiscal court shall be renewed annually and submitted to the state local finance officer by July 1 of each fiscal year with the submission of the county budget if the fiscal court wishes to continue the standing order. Otherwise, after July 1, the standing order shall expire, and no more payments designated in the standing order shall be preapproved unless a new order is adopted by the fiscal court according to the provisions of this subsection.

Signed by Governor April 1, 2025.

CHAPTER 154

(HB 160)

AN ACT relating to manufactured housing.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 100.348 is amended to read as follows:

(1) The Kentucky General Assembly hereby recognizes and affirms that the protection of property values is a legitimate issue to local governments and the enactment of regulations designed to protect property values is a proper exercise of local government legislative power. ***At the same time, the Kentucky General Assembly hereby recognizes and affirms that while local governments have legitimate authority to enact reasonable***

zoning regulations, the provision of quality, affordable housing through qualified manufactured homes serves an essential public purpose.

(2) As used in this section, unless the context requires otherwise:

(a) "Compatibility standards" means standards that have been enacted by a local government under the authority of this section for the purpose of protecting and preserving the monetary value of real property located within the local government's jurisdiction;

(b) "Local government" means a city, county, urban-county government, charter county government, ***unified local government,*** or consolidated local government that is engaged in planning and zoning under KRS Chapter 100;

(c) "Manufactured home" means a single-family residential dwelling constructed after June 15, 1976, in accordance with the National Manufactured Home Construction and Safety Standards Act of 1974, 42 U.S.C. Section 5401, et seq., as amended, and designed to be used as a single-family residential dwelling with or without permanent foundation when connected to the required utilities, and which includes the plumbing, heating, air conditioning, and electrical systems contained therein;

(d) "Qualified manufactured home" means a manufactured home that meets all of the following criteria:

1. Is manufactured on ***a date not to exceed five (5) years prior to the date of installation and has all parts that operate only during transport removed***~~[or after July 15, 2002]~~;

2. Is affixed to a permanent foundation and is connected to the appropriate facilities and is installed in compliance with KRS 227.570;

3. Has a width of at least twenty (20) feet at its smallest width measurement or is two (2) stories in height and oriented on the lot or parcel so that its main entrance door faces the street; ***and***

4. Has a minimum total living area of nine hundred (900) square feet; and~~[~~

~~5. Is not located in a manufactured home land-lease community; and]~~

(e) "Permanent foundation" means a system of supports that is:

1. Capable of transferring, without failure, into soil or bedrock, the maximum design load imposed by or upon the structure ***and complies with KRS 227.570***;

2. Constructed ***with materials that are compatible with surrounding residential structures so long as the materials do not compromise the structural engineering of the home in conflict with KRS 227.570***~~[of concrete]~~; and

3. Placed at a depth below grade adequate to prevent frost damage***, in accordance with the manufacturer's installation requirements and KRS 227.570***.

(3) Except as provided in subsection (4) of this section, a local government shall not adopt or enforce any zoning regulation, ordinance, or other requirement that:

(a) Excludes qualified manufactured homes from any residential zone where single-family residences are permitted;

(b) Discriminates against qualified manufactured homes; or

(c) Imposes foundation requirements on manufactured homes that:

1. Conflict with the structural engineering of the homes;

2. Conflict with KRS 227.570; or

3. Require more than one (1) type of permanent foundation system.

(4)~~[(3)]~~ Any local government may adopt and enforce, as a part of its zoning regulations, compatibility standards governing the placement of qualified manufactured homes in residential zones within the local government's jurisdiction. Compatibility standards shall be adopted, amended, and enforced in the same manner as other zoning regulations and shall be in addition to any zoning regulations that are generally applicable to single-family residences. ***Any architectural compatibility standards applied to qualified manufactured homes must be equivalent to, and not more stringent than, those standards applied to other single-family residential structures in the same zone.*** The compatibility standards shall be designed to ensure that when a qualified manufactured home is placed in a residential zone it is compatible, in terms of assessed

value, with existing housing located with a one-eighth (1/8) mile or less radius from the proposed location of the qualified manufactured home. The compatibility standards adopted by a local government shall ***be limited***~~[relate]~~ to ***the following*** architectural features that have a significant impact on the overall assessed value of the structure~~[, including, for example, but not limited to features such as]~~:

(a) Roof pitch;

(b) Square footage of livable space;

(c) Type and quality of exterior finishing materials;

(d) Foundation skirting;~~[and]~~

(e) Existence and type of attached structures***; and***

(f) Setback restrictions, lot dimensions, and orientation of the home on the lot, so long as they are no stricter than those for site-built homes within the same zone.

(5) A manufactured home that does not meet the minimum width of twenty (20) feet or minimum total living area of nine hundred (900) square feet needed to be considered a qualified manufactured home under subsection (2)(d) of this section may be treated as a qualified manufactured home for purposes of subsections (3) and (4) of this section if:

(a) The setback requirements or lot dimensions would not reasonably accommodate a home meeting these minimum dimensions;

(b) The home is the maximum width and square footage that could reasonably fit on the lot while complying with all applicable setback requirements and other zoning regulations; and

(c) The home otherwise meets all other requirements of a qualified manufactured home under this section.

(6)~~[(4)]~~ ~~[Nothing in]~~This section shall ***not*** be construed to affect, modify, or abolish restrictions contained in recorded deeds, covenants, or developers' subdivision restrictions.

(7)~~[(5)]~~ ~~[Nothing in]~~This section shall ***not*** be construed as limiting in any way the authority of local governments to adopt regulations designed to protect historic properties or historic districts.

(8) Any zoning regulation, ordinance, or requirement that violates this section is void and unenforceable.

(9) Cities located in a county containing a consolidated local government that do not have the authority to adopt zoning regulations as set out in KRS 100.137(3), may enact compatibility standards pursuant to subsection (4) of this section that are in lieu of standards adopted by the consolidated local government.

➔Section 2. This Act takes effect July 1, 2026.

Signed by Governor April 1, 2025.

CHAPTER 155

(HJR 32)

A JOINT RESOLUTION authorizing the release of funds.

WHEREAS, it is the responsibility of the General Assembly to monitor the spending of state funds for the good of the Commonwealth; and

WHEREAS, with that responsibility in mind, certain appropriations were contingent upon specific duties being fulfilled by the receiving agency; and

WHEREAS, 2024 Ky. Acts ch. 175, Part I, A., 27., (5) requires that certain criteria be used by the School Facilities Construction Commission in making awards from the School Facility Assistance Fund;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. (1) The General Assembly of the Commonwealth of Kentucky hereby approves and authorizes the Office of State Budget Director to release awards from the School Facility Assistance Fund in accordance with 2024 Ky. Acts ch. 175, Part I, A., 27., (5) in the specified amounts to the following local school districts for fiscal year 2025-2026:

(a) $3,837,000 to Adair County Schools;

(b) $2,679,000 to Augusta Independent;

(c) $21,563,000 to Bardstown Independent;

(d) $53,000 to Beechwood Independent;

(e) $7,917,000 to Fleming County Schools;

(f) $7,463,000 to Garrard County Schools;

(g) $25,348,000 to Harrison County Schools;

(h) $39,099,000 to Johnson County Schools;

(i) $9,870,000 to Marion County Schools;

(j) $2,959,000 to Powell County Schools;

(k) $5,851,000 to Somerset Independent;

(l) $24,000 to Walton Verona Independent; and

(m) $3,724,000 to Williamstown Independent.

(2) Award amounts are 50 percent of the difference between the costs to construct, repair, or renovate facilities and the amount of available local resources for school facility projects certified in the audit conducted pursuant to 2024 Ky. Acts ch. 175, Part I, A., 22., (11). These facilities are A1 or A2 schools, are ranked as a Priority 1 or 2 on the local school district's facility plan, are not athletic facilities, have been assigned a BG number by the Kentucky Department of Education with a prefix value between 19 and 23, have begun or are ready to start construction, and are in school districts that have levied a ten-cent equivalent tax dedicated to capital improvements but remain unable to cash fund or to sufficiently support the required annual debt service for replacement or renovation of the facilities as of January 1, 2024. Six of the 19 districts evaluated either failed to meet the criteria or had sufficient local resources to cover construction, repair, or renovation costs.

Signed by Governor April 1, 2025.

CHAPTER 156

(SB 76)

AN ACT relating to contracts for the improvement of real estate.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 371.160 is amended to read as follows:

(1) If, in any contract in the amount of ***two million*** ~~[five hundred thousand]~~ dollars ***($2,000,000)*** ~~[($500,000)]~~ or more involving the improvement of real estate, a certain amount or percentage of the contract is held back by the owner, that retained amount shall be deposited in a separate escrow account with a bank or trust company authorized to do business in the Commonwealth of Kentucky.

(2) As of the time of the deposit of the retained funds, they shall become the sole and separate property of the contractor to whom they are owed.

(3) The escrow agent shall promptly invest all escrowed principal in obligations selected by the escrow agent in its discretion.

(4) Upon satisfactory completion of the contract, to be evidenced by a written release by the owner, all funds accumulated in the escrow account, together with any interest thereon, shall be paid immediately to the contractor to whom it is owed.

(5) The escrow agent shall be compensated for its services in an amount agreed to by the owner, contractor, and escrow agent. The compensation shall be a commercially reasonable fee commensurate with fees being charged for handling of escrow accounts of similar size and duration. The compensation shall be paid from the escrow account.

(6) In the event the owner fails or refuses to execute the release provided for in subsection (4) of this section, then the contractor shall have a cause of action against the owner in a court of proper jurisdiction.

(7) This section shall not apply to contracts with the Commonwealth, any ***city,*** county, charter county ***government***, urban-county government, ***unified local government,*** or ***consolidated local government***~~[municipality]~~, ~~[or]~~any other political subdivision, agency, or instrumentality of the Commonwealth, or school boards.

➔Section 2. KRS 371.405 is amended to read as follows:

(1) All payments on construction contracts entered into after June 26, 2007, shall be made pursuant to the terms of the contract and as required in this section and KRS 371.410.

(2) The following provisions in a contract for construction shall be against the public policy of this Commonwealth and shall be void and unenforceable:

(a) A provision that purports to waive, release, or extinguish the right to resolve disputes through litigation in court or substantive or procedural rights in connection with such litigation, except that a contract may require binding arbitration as a substitute for litigation or require nonbinding alternative dispute resolution as a prerequisite to litigation;

(b) A provision that purports to waive, release, or extinguish rights provided by KRS Chapter 376, with the exception of partial waivers of lien rights provided by the contractor or subcontractor for progress payments;~~[or]~~

(c) ***A provision that purports to waive, release, or extinguish any of the requirements of Section 1 of this Act; or***

(d) A provision that purports to waive, release, or extinguish the right of a contractor or subcontractor to recover costs, additional time, or damages, or obtain an equitable adjustment of the contract, for delays in performing the contract that are, in whole or part, within the control of the contracting entity. Unusually bad weather that cannot be reasonably anticipated, fire, or other act of God shall not automatically entitle the contractor to additional compensation under this paragraph.

(3) Subsection (2)***(d)***~~[(c)]~~ of this section shall not render null, void, and unenforceable a contract provision that:

(a) Permits a contractor or subcontractor to recover that portion of delay costs caused by acts or omissions of the contracting entity;

(b) Requires notice of any delay by the party affected by the delay;

(c) Provides for reasonable liquidated damages;

(d) Provides for arbitration or any other procedure designed to resolve contract disputes; or

(e) Specifies which costs are recoverable by a contractor or subcontractor for delay.

(4) If a provision of a construction contract is found to be null and unenforceable, that provision shall not affect other provisions of the contract that are in compliance with this section and, to this end, the provisions of the contract are severable.

(5) Except as provided in subsection (7) of this section, all contracts for construction shall provide that payment of amounts due a contractor from a contracting entity, except retainage, shall be made within thirty (30) business days after the contracting entity receives a timely, properly completed, undisputed request for payment.

(6) Except as provided in subsection (7) of this section, if the contracting entity fails to pay a contractor within thirty (30) business days following receipt of a timely, properly completed, undisputed request for payment, the contracting entity shall pay interest to the contractor beginning on the thirty-first business day after receipt of the request for payment, computed at the rate of twelve percent (12%) per annum on the unpaid amount.

Twenty-five (25) business days following the submission of a timely, properly completed, undisputed request for payment, the contractor shall notify the contracting entity by certified mail if payment has not been received. The notice shall also include the date on which interest shall begin to accrue.

(7) For purposes of subsections (5) and (6) of this section, a postsecondary institution and a board of education shall have forty-five (45) business days to make the payment required by those subsections. For purposes of payments by a board of education, the Department of Education shall have ten (10) business days, including the day the undisputed request for payment is received, to complete the final approval and application for payment and return it to the board of education. The ten (10) business days shall be included in the forty-five (45) business days. If the contracting entity fails to pay a contractor within forty-five (45) business days after receipt of the timely, properly completed, undisputed request for payment, the contracting entity shall, beginning on the forty-sixth day after receipt of the request, pay interest to the contractor computed at the rate of twelve percent (12%) per annum on the unpaid amount.

(8) A contractor shall pay its subcontractors any undisputed amounts due within fifteen (15) business days of receipt of payment from the contracting entity, including payment of retainage if retainage is released by the contracting entity, if the subcontractor has provided a timely, properly completed, and undisputed request for payment to the contractor.

(9) If a contractor fails to pay a subcontractor any undisputed amounts due within fifteen (15) business days of receipt of payment from the contracting entity, the contractor shall pay interest to the subcontractor beginning on the sixteenth business day after receipt of payment by the contractor, computed at the rate of twelve percent (12%) per annum on the unpaid amount.

(10) Subsections (8) and (9) of this section shall apply to all payments from subcontractors to their subcontractors.

Signed by Governor April 2, 2025.

CHAPTER 157

(SJR 55)

A JOINT RESOLUTION directing Kentucky's public postsecondary institutions to combat antisemitism.

WHEREAS, Jewish students are targeted for hate crimes at a higher per capita rate than students belonging to any other group; and

WHEREAS, according to a 2024 report by the Combat Antisemitism Movement, recorded incidents of antisemitism, including on Kentucky's university campuses, have reached record highs; and

WHEREAS, the Combat Antisemitism Movement's Antisemitism Research Center reports a total of 6,326 antisemitic incidents in 2024, representing a 107.7 percent increase from 2023, and 742 incidents on American college campuses in 2024, a 200 percent increase compared to 2022; and

WHEREAS, in 2021 both chambers of the Kentucky General Assembly passed resolutions adopting the International Holocaust Remembrance Alliance definition of antisemitism and encouraging public officials, including the presidents of our public postsecondary education institutions, to ensure that the Commonwealth of Kentucky will live up to the transcendent principles of religious freedom and equal protection as embodied in the Constitution; and

WHEREAS, protecting the right of students to access Kentucky's public postsecondary education institutions is an obligation; and

WHEREAS, to address rising incidents of antisemitism, Kentucky's public postsecondary institutions need to take timely action;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. By January 1, 2026, the governing board of each of Kentucky's public postsecondary education institutions shall adopt policies to combat antisemitism within their institutions that use as guidance the definition of "antisemitism" as established by the International Holocaust Remembrance Alliance and recognized in 2021 Regular

Session Senate Resolution 67 and the institutions shall adhere to the First Amendment. The institutions shall implement these policies through June 30, 2028, and may continue implementation thereafter. Policies shall require:

(1) At the start of each semester, notifying all students:

(a) Of the rights that are protected at the institution under Title VI of the Civil Rights Act of 1964 and how a student may file a complaint if the student believes those rights have been violated;

(b) That KRS 344.450 provides any person injured by certain acts of discrimination with a civil cause of action to enjoin further violations and to recover the actual damages sustained and the costs of the law suit; and

(c) Of the institution's policies regarding student-on-student harassment;

(2) The identification of all Jewish groups that seek to serve Jewish students attending the institution as community resources to the same extent as any other religious organization is recognized by the institution as a community resource;

(3) The defunding and disbanding of any student organization that has been found by an institution to be providing material support or resources to a designated terrorist organization and the reporting of those activities to appropriate law enforcement authorities; and

(4) The collection of data of:

(a) The number of reports alleging antisemitism submitted to the institution, the number of investigations opened by the institution as a result of those reports, and the outcomes of those investigations;

(b) The number of reports alleging violation of Title VI of the Civil Rights Act of 1964 that are connected to antisemitism of which the institution has been notified and the results of those investigations that are in the possession of the institution; and

(c) The number of actions that have been brought against the institution under KRS 344.450 and the outcomes of such actions.

➔Section 2. By June 30 of each year, until July 1, 2028, each public postsecondary education institution shall report the data collected under subsection (4) of Section 1 of this Resolution to the Council on Postsecondary Education. The report shall include data collected over the prior year, except the first report shall review available data from the prior two years. The Council on Postsecondary Education shall compile the data for each institution and for the state at-large, place it on the council's website, and report it to the Legislative Research Commission for referral to the appropriate interim joint committees.

➔Section 3. The Clerk of the Senate shall forward a copy of this Resolution and notification of its adoption to the president of the Council on Postsecondary Education; to the presidents of the University of Kentucky, the University of Louisville, Eastern Kentucky University, Western Kentucky University, Northern Kentucky University, Kentucky State University, Morehead State University, Murray State University, and the Kentucky Community and Technical College System; and to the president of the Association of Independent Kentucky Colleges and Universities.

Signed by Governor April 2, 2025.

CHAPTER 158

(HB 421)

AN ACT relating to colorectal cancer screenings.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 304.17A-257 is amended to read as follows:

(1) A health benefit plan~~[issued or renewed on or after January 1, 2016,]~~ shall provide coverage for all colorectal cancer examinations and laboratory tests specified in the most recent version of the American Cancer Society guidelines ***for individuals referenced in paragraph (b)1. of this subsection and the most recent version of the United States Multi-Society Task Force on Colorectal Cancer guidelines for individuals referenced in***

paragraph (b)2. of this subsection for complete colorectal cancer screening of asymptomatic individuals as follows:

(a) Coverage or benefits shall***:***

1. Include coverage for all United States Food and Drug Administration-approved bowel preparation prescribed in connection with a colorectal cancer examination or laboratory test; and

2. Be provided for all colorectal cancer examinations and laboratory tests~~[that are]~~ administered at a frequency identified in the ***relevant guidelines***~~[most recent version of the American Cancer Society guidelines for complete colorectal cancer screening]~~; and

(b) The covered individual shall be:

1. Forty-five (45) years of age or older; or

2. Less than forty-five (45) years of age and at high risk for colorectal cancer~~[according to the most recent version of the American Cancer Society guidelines for complete colorectal cancer screening]~~.

(2) ***(a) Except as provided in paragraph (b) of this section, the*** coverage required by this section shall not be subject to***:***

1. Prior authorization; or

2. A deductible, coinsurance, or any other cost-sharing requirements for services received from participating providers under the health benefit plan.

(b) If the application of any requirement of paragraph (a)2. of this subsection would be the sole cause of a health benefit plan's failure to qualify as a Health Savings Account-qualified High Deductible Health Plan under 26 U.S.C. sec. 223, as amended, then the requirement shall not apply to that health benefit plan until the minimum deductible under 26 U.S.C. sec. 223, as amended, is satisfied.

(3) This section shall not be construed to limit coverage required by KRS 304.17A-259 or any other law.

➔Section 2. Section 1 of this Act applies to health benefit plans issued or renewed on or after January 1, 2026.

➔Section 3. (1) For purposes of 45 C.F.R. sec. 155.170, the benefits required under KRS 304.17A-257 prior to January 1, 2026, shall be considered by the state as "[a] benefit required by state action taking place on or before December 31, 2011" and thus the state shall not consider or identify the benefits required under KRS 304.17A-257 prior to the effective date of this Act as being in addition to the essential health benefits required under federal law.

(2) The commissioner of insurance and any other state official or state agency shall:

(a) Comply with the requirements of this section; and

(b) Not take any action that is in violation of or in conflict with this section.

➔Section 4. If the Cabinet for Health and Family Services determines that a waiver or other authorization from a federal agency is necessary to implement Section 1 of this Act's application to KRS 205.522 for any reason, including the loss of federal funds, the cabinet shall, within 90 days of the effective date of this section, request the waiver or other authorization, and may only delay implementation of those provisions for which a waiver or authorization was deemed necessary until the waiver or authorization is granted.

➔Section 5. The Department for Medicaid Services or the Cabinet for Health and Family Services shall, in accordance with KRS 205.525, provide a copy of any state plan amendment, waiver application, or other request for authorization or approval submitted pursuant to Section 4 of this Act to the Legislative Research Commission for referral to the Interim Joint Committees on Health Services and Appropriations and Revenue and shall provide an update on the status of any application or request submitted pursuant to Section 4 of this Act at the request of the Legislative Research Commission or any committee thereof.

➔Section 6. Sections 1 and 2 of this Act take effect January 1, 2026.

Signed by Governor April 2, 2025.

CHAPTER 159

(HB 606)

AN ACT relating to economic development.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 65 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Board" means the board of trustees of a district;

(b) "District" means a taxing district established under subsection (2)(b) of this section;

(c) "Local government" means a city, county, urban-county government, charter county government, consolidated local government, or unified local government located within the Commonwealth; and

(d) "Multicounty region" means multiple counties, multiple cities not located in the same county, or a combination of counties and cities with at least two (2) local governments from different counties.

(2) (a) 1. Two (2) or more governing bodies of local governments constituting a multicounty region may join together by entering into an interlocal agreement under KRS 65.210 to 65.300 to develop real estate as part of a regional economic development project. The interlocal agreement shall specify the investment dollars contributed to the regional economic development project by each local government, the use of those investment dollars for the project, and the provision of services provided by each local government.

2. The regional economic development project shall:

a. Consist of three hundred (300) or more contiguous acres located in the jurisdiction of a local government that is a party to the interlocal agreement; and

b. Result in the creation of at least five hundred (500) new jobs.

(b) 1. The territory that will be used in a regional economic development project may be organized into a taxing district for the purpose of levying taxes to:

a. Provide for the establishment, operation, and maintenance of governmental services for the district; and

b. Pay debt service on bonds issued to finance the cost of building infrastructure in the district.

A taxing district created under this paragraph shall comply with KRS 65.182 to 65.190, including the petition requirements, but not the percentage of registered voter signature requirements under KRS 65.182(1)(a).

2. The territory located within the district shall not be subject to annexation without the consent of the governing bodies of all of the local governments that are a party to the interlocal agreement.

(3) (a) Once created, the district shall constitute a taxing district within the meaning of Section 157 of the Constitution of Kentucky and is authorized to levy a special ad valorem tax on property located within the jurisdictional boundaries of the district.

(b) The special ad valorem tax rate shall not exceed ten cents ($0.10) per one hundred dollars ($100) of the assessed value of the property.

(c) The special ad valorem tax shall be:

1. In addition to all other ad valorem taxes; and

2. Administered and collected in the same manner as the county ad valorem taxes, except the revenues shall be turned over to the board.

(4) (a) In addition to the special ad valorem tax levied under subsection (3) of this section, the governing body of a local government in which the district is located may, with agreement of the governing bodies of all of the local governments that are a party to the interlocal agreement, impose and collect an occupational license fee on businesses, trades, professions, or occupations performed, rendered, or conducted within the district, at percentage rate not to exceed three percent (3%) of:

1. Salaries, wages, commissions, and other compensation earned by persons within the district for work done and services performed, rendered, or conducted within the district;

2. The net profits of self-employed individuals, partnerships, professional associations, or joint ventures resulting from businesses, trades, professions, occupations, or activities conducted in the district; and

3. The net profits of corporations resulting from businesses, trades, professions, occupations, or activities conducted in the district.

(b) Once an occupational license fee is imposed under this subsection, the rate of the occupational license fee shall never increase.

(c) Except for an occupational license fee imposed under KRS Chapter 160, an occupational license fee imposed under this subsection shall be the only occupational license fee imposed on businesses, trades, professions, or occupations performed, rendered, or conducted within the district.

(d) The occupational license fee shall not apply to businesses, trades, professions, or occupations exempt under KRS 68.180, 68.197, or 91.200.

(e) Each local government that is a party to the interlocal agreement shall receive a portion of the revenues collected from the occupational license fee as specified by the agreement. The revenues may be deposited into the general fund of the local government to be used in accordance with the purposes set out in subsection (2)(b) of this section.

(f) An occupational license fee imposed under this subsection shall expire twenty (20) years after the year of imposition. After the occupational license fee has expired, an additional occupational license fee shall not be imposed under this subsection.

(5) (a) A board shall be established to control and manage the affairs of the district.

(b) The board shall:

1. Represent a multicounty region;

2. Comply with the provisions of KRS Chapter 65A;

3. Agree, in writing, to the use or distribution of the revenue generated from a special ad valorem tax levied under subsection (3) of this section;

4. Agree, in writing, to the collection and distribution of the revenue generated from an occupational license fee imposed under subsection (4) of this section;

5. Operate in accordance with the following:

a. The board membership shall consist of at least one (1) trustee from each local government that is a party to the interlocal agreement;

b. The trustees shall serve staggered terms of four (4) years;

c. The chair of the board shall be elected by the trustees from among its membership;

d. The board may appoint a secretary, an executive director, and other officials and employees who need not be members of the board;

e. A quorum for the transacting of the business of the board shall consist of a majority of its membership;

f. A trustee of the board may be removed as provided by KRS 65.007; and

g. Vacancies of the board shall be filled in the same manner as the original appointments; and

6. Provide an annual report by August 1 of each year to the Department for Local Government containing:

a. A description of the regional economic development project, including the location, specific boundaries, and the total number of acres;

b. A description of each business located in the district;

c. The total number of jobs created by the regional economic development project;

d. The total number of people employed within the boundaries of the district;

e. The name of each local government that is a party to the interlocal agreement;

f. The total amount of money contributed by each local government for the regional economic development project and a description of how the money was used;

g. The rate of a special ad valorem tax levied under this section, the total revenues collected from the tax for each year, and a breakdown of how the revenues were used; and

h. The rate of an occupational license fee imposed under this section, the total revenues collected from the fee for each year, and a breakdown of how the revenues were used.

(6) No later than October 1 of each year, the Department for Local Government shall compile the information reported under subsection (5)(b)6. of this section and report the compiled information to the Interim Joint Committee on Appropriations and Revenue.

➔Section 2. 2025 RS HB 775/EN, Section 26, is amended to read as follows:

(1) As used in this section:

(a) "Entertainment event":

1. Means a live performance or exhibition of musical, theatrical, cultural, culinary, or other artistic presentation; and

2. Does not include sporting events or tournaments;

(b) "Facility operator" means a person who owns or operates a venue;

(c) "Qualifying attraction" means a series of entertainment events which is:

1. Held at a venue over a duration of at least two (2) consecutive days;

2. Hosted by a sponsoring entity pursuant to an agreement with a facility operator that authorizes the sponsoring entity to conduct one (1) or more series of entertainment events annually during at least five (5) consecutive years; and

3. Open to the public upon purchase of tickets, with attendance totaling at least sixty thousand (60,000) admissions over the duration of each series of entertainment events;

(d) "Sponsoring entity" means the person hosting a qualifying attraction; and

(e) "Venue" means:

1. Public property located in a consolidated local government or an urban-county government which is owned, operated, or controlled by the consolidated local government***,*** ~~[or]~~ urban-county government***, or the Commonwealth***;

2. A park located in a consolidated local government that is:

a. Open to the general public; and

b. Owned, operated, or controlled by any nonprofit corporation established under KRS 273.161 to 273.390;

3. Property located in a consolidated local government or an urban-county government that is owned, operated, or controlled by a public university; or

4. Privately owned property located in a consolidated local government or an urban-county government that is suitable for hosting entertainment events and qualifying attractions.

(2) Notwithstanding KRS 134.580 and 139.770:

(a) A sponsoring entity and facility operator shall be granted a sales tax incentive totaling fifty percent (50%) of the Kentucky sales tax generated by the sale of admissions to a qualifying attraction held at a venue, and the sales of tangible personal property and services at the qualifying attraction, including but not limited to the sale of food and beverage concessions, souvenirs, camping, and parking;

(b) The amount of the sales tax incentive authorized in paragraph (a) of this subsection shall be allocated as follows:

1. Fifty percent (50%) shall be paid to the facility operator and utilized to support operations and maintenance at the venue; and

2. Fifty percent (50%) shall be paid to the sponsoring entity of the qualifying attraction from which the sales taxes were generated;

(c) Only one (1) incentive request shall be made for each qualifying attraction each year;

(d) The sponsoring entity and facility operator shall have no obligation to refund or otherwise return any amount of the sales tax incentive to the persons from whom the sales tax was collected;

(e) The sales tax incentive shall be reduced by the vendor compensation allowed under KRS 139.570; and

(f) Interest shall not be allowed or paid on any sales tax incentive payment made under this section.

(3) The department shall accept initial applications for sales tax incentives under this section for qualifying attractions held on or after July 1, 2025.

(4) To be eligible for a sales tax incentive under this section, the sponsoring entity shall file an initial application with the department, which:

(a) Includes sufficient information regarding the qualifying attraction to demonstrate whether it qualifies for the sales tax incentive; and

(b) Is filed at least sixty (60) days prior to the date of the first entertainment event constituting the qualifying attraction.

(5) Within thirty (30) days of receipt of the initial application, the department shall notify the sponsoring entity of its preliminary approval or denial of the qualifying attraction.

(6) If the initial application is denied, the department shall provide the reason for the denial.

(7) After approval of its initial application and the completion of the qualifying attraction, a sponsoring entity shall apply for a sales tax incentive no earlier than thirty (30) days following the end of the month during which sales taxes that were generated from the qualifying attraction are collected. The application may aggregate eligible sales taxes from previous months if the events comprising the qualifying attraction were held in more than one (1) month.

(8) The department shall review each application for a sales tax incentive and determine if it meets the requirements of this section, pending the verification of required attendance.

(9) In determining eligibility for a sales tax incentive authorized under this section, the department shall waive the duration and attendance requirements listed in subsection (1)(c)1. and 3. of this section if the person requesting an incentive demonstrates that any delays, cancellations, or postponements were due to inclement weather or other extraordinary events beyond the control of the parties involved and that the weather or other extraordinary events rendered the satisfaction of the requirement impossible.

(10) Both the initial application and the sales tax incentive application shall be in the form prescribed by the department through the promulgation of an administrative regulation in accordance with KRS Chapter 13A.

(11) The department shall verify the amount of sales tax incentive and pay the allocations determined to be due in accordance with subsection (2)(b) of this section within forty-five (45) days of receipt of the later of:

(a) The application submitted under subsection (7) of this section; or

(b) All necessary supporting information required by the department to determine that the sponsoring entity is eligible for the incentive.

(12) (a) Prior to November 1, 2026, and continuing each November 1 thereafter to November 1, 2035, the department shall provide an annual report detailing information related to each qualifying attraction receiving incentives during the fiscal year concluding on June 30 of the reporting period.

(b) The department shall include the following information in the report:

1. The name of the qualifying attraction;

2. The venue where the qualifying attraction was held;

3. The name of the facility operator;

4. The name of the sponsoring entity;

5. The duration of the qualifying attraction and the number of admissions over that duration; and

6. The amount of incentive paid to the facility operator; and

7. The amount of incentive paid to the sponsoring entity.

(c) The information required to be reported under this subsection shall not be considered confidential taxpayer information and shall not be subject to KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes prohibiting disclosure or reporting of information.

(13) The provisions of this section shall expire on June 30, 2035, and a qualifying attraction held after June 30, 2035, shall not be eligible for the incentives authorized in this section.

(14) The General Assembly is committed to the research and development of tourism policies, including the aspiration to hold other entertainment events across the Commonwealth and especially in rural Kentucky.

Signed by Governor April 2, 2025.

CHAPTER 160

(HB 664)

AN ACT relating to the operation of a motor vehicle and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 189 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Automated speed enforcement device" means a photographic, radar, lidar, laser, or other device with one (1) or more vehicle sensors that transmits a vehicle's speed and an image of the rear license plate of a vehicle exceeding the speed limit; and

(b) "Images" means images transmitted by an automated speed enforcement device showing the speed and rear license plate of a motor vehicle.

(2) A peace officer may issue a citation at the time of an offense in a highway work zone based on images transmitted by an automated speed enforcement device if:

(a) A motor vehicle is detected traveling in excess of ten (10) miles per hour over the posted speed limit;

(b) At least one (1) bona fide worker is present in the highway work zone; and

(c) There is a peace officer certified under KRS 15.380 to 15.404 present in or near the end of the highway work zone in a marked vehicle.

(3) The cabinet shall:

(a) 1. Install signage in highway work zones notifying the public that vehicle speed within the work zone may be enforced by an automated speed enforcement device; and

2. Require the signage to be affixed with lights that shall be flashing at all times when the automated speed enforcement device is active; and

(b) Calibrate the automated speed enforcement device on an annual basis.

(4) An image transmitted by an automated speed enforcement device under this section shall not be disclosed to anyone other than the driver of the vehicle.

(5) The cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A relating to any matters necessary for the efficient administration of automated speed enforcement under this section.

➔Section 2. KRS 189.2327 is amended to read as follows:

(1) Subject to the requirements of subsection (2) of this section, if a violation of KRS 189.290 to 189.575**,**~~[or]~~ 189.910 to 189.960***, or Section 1 of this Act*** occurred in a highway work zone, the fine shall be:

(a) ***1.*** Five hundred dollars ($500) if no person is physically injured or dies as a result of the violation. Notwithstanding the provisions of KRS 189.999, the fine under this paragraph is prepayable; and

2. A driver may attend a state traffic school or a county attorney-operated traffic safety program established pursuant to KRS 186.574 for a violation of Section 1 of this Act; and

(b) Not less than five hundred dollars ($500) nor more than ten thousand dollars ($10,000) if the violation results in physical injury to or death of any person.

(2) (a) In order for an increased fine to be imposed under this section, the highway work zone must have:

1. Signs displayed informing drivers of the existence of a highway work zone and that fines are increased in it; and

2. At least one (1) bona fide worker ***is present in the highway work zone***~~[present]~~.

(b) If a violation of any of the offenses identified in subsection (1) of this section can be classified as a misdemeanor, those penalties shall apply in addition to the penalties in subsection (1) of this section.

(3) All fines collected for violations in a highway work zone under this section shall be deposited into a separate trust and agency account within the Transportation Cabinet known as the "highway work zone safety fund." The highway work zone safety fund shall be used exclusively by the Transportation Cabinet to hire or pay for enhanced law enforcement of traffic laws within highway work zones.

➔Section 3. KRS 610.010 is amended to read as follows:

(1) Unless otherwise exempted by KRS Chapters 600 to 645, the juvenile session of the District Court of each county shall have exclusive jurisdiction in proceedings concerning any child living or found within the county who has not reached his or her eighteenth birthday or of any person who at the time of committing a public offense was under the age of eighteen (18) years, who allegedly has committed a public offense prior to his or her eighteenth birthday, except a motor vehicle offense involving a child ***fifteen (15)***~~[sixteen (16)]~~ years of age or older. A child ***fifteen (15)***~~[sixteen (16)]~~ years of age or older taken into custody upon the allegation that the child has committed a motor vehicle offense shall be treated as an adult and shall have the same conditions of release applied to him or her as an adult. A child taken into custody upon the allegation that he or she has committed a motor vehicle offense who is not released under conditions of release applicable to adults shall be held, pending his or her appearance before the District Court, in a facility as defined in KRS 15A.067. Children ***fifteen (15)***~~[sixteen (16)]~~ years of age or older who are convicted of, or plead guilty to, a motor vehicle offense shall, if sentenced to a term of confinement, be placed in a facility for that period of confinement preceding their eighteenth birthday and an adult detention facility for that period of confinement subsequent to their eighteenth birthday. The term "motor vehicle offense" shall not be deemed to include the offense of stealing or converting a motor vehicle nor operating the same without the owner's consent nor any offense which constitutes a felony;

(2) Unless otherwise exempted by KRS Chapters 600 to 645, the juvenile session of the District Court of each county or the family division of the Circuit Court shall have exclusive jurisdiction in proceedings concerning any child living or found within the county who has not reached his or her eighteenth birthday and who allegedly:

(a) Is beyond the control of the school or beyond the control of parents as defined in KRS 600.020;

(b) Is an habitual truant from school;

(c) Is an habitual runaway from his or her parent or other person exercising custodial control or supervision of the child;

(d) Is dependent, neglected, or abused;

(e) Has committed an alcohol offense in violation of KRS 244.085; or

(f) Is mentally ill.

(3) Actions brought under subsection (1) of this section shall be considered to be public offense actions.

(4) Actions brought under subsection (2)(a), (b), (c), and (e) of this section shall be considered to be status offense actions.

(5) Actions brought under subsection (2)(d) of this section shall be considered to be nonoffender actions.

(6) Actions brought under subsection (2)(f) of this section shall be considered to be mental health actions.

(7) Nothing in this chapter shall deprive other courts of the jurisdiction to determine the custody or guardianship of children upon writs of habeas corpus or to determine the custody or guardianship of children when such custody or guardianship is incidental to the determination of other causes pending in such other courts; nor shall anything in this chapter affect the jurisdiction of Circuit Courts over adoptions and proceedings for termination of parental rights.

(8) The court shall have no jurisdiction to make permanent awards of custody of a child except as provided by KRS 620.027.

(9) If the court finds an emergency to exist affecting the welfare of a child, or if the child is eligible for the relative or fictive kin caregiver assistance as established in KRS 620.142, it may make temporary orders for the child's custody; however, if the case involves allegations of dependency, neglect, or abuse, no emergency removal or temporary custody orders shall be effective unless the provisions of KRS Chapter 620 are followed. Such orders shall be entirely without prejudice to the proceedings for permanent custody of the child and shall remain in effect until modified or set aside by the court. Upon the entry of a temporary or final judgment in the Circuit Court awarding custody of such child, all prior orders of the juvenile session of the District Court in conflict therewith shall be deemed canceled. This section shall not work to deprive the Circuit Court of jurisdiction over cases filed in Circuit Court.

(10) The court of each county wherein a public offense, as defined in subsection (1) of this section, is committed by a child who is a resident of another county of this state shall have concurrent jurisdiction over such child with the court of the county wherein the child resides or the court of the county where the child is found. Whichever court first acquires jurisdiction of such child may proceed to final disposition of the case, or in its discretion may make an order transferring the case to the court of the county of the child's residence or the county wherein the offense was committed, as the case may be.

(11) Nothing in this chapter shall prevent the court from holding a child in contempt of court to enforce valid court orders previously issued by the court, subject to the requirements contained in KRS 610.265 and 630.080.

(12) Except as provided in KRS 635.060(4), 630.120(5), or 635.090, nothing in this chapter shall confer upon the District Court or the family division of the Circuit Court, as appropriate, jurisdiction over the actions of the Department of Juvenile Justice or the cabinet in the placement, care, or treatment of a child committed to the Department of Juvenile Justice or committed to or in the custody of the cabinet; or to require the department or the cabinet to perform, or to refrain from performing, any specific act in the placement, care, or treatment of any child committed to the department or committed to or in the custody of the cabinet.

(13) Unless precluded by KRS Chapter 635 or 640, in addition to informal adjustment, the court shall have the discretion to amend the petition to reflect jurisdiction pursuant to the proper chapter of the Kentucky Unified Juvenile Code.

(14) The court shall have continuing jurisdiction over a child pursuant to subsection (1) of this section, to review dispositional orders, and to conduct permanency hearings under 42 U.S.C. sec. 675(5)(c) until the child is placed for adoption, returned home to his or her parents with all the court imposed conditions terminated, completes a disposition pursuant to KRS 635.060, or reaches the age of eighteen (18) years.

➔Section 4. Sections 1 and 2 of this Act may be cited as the Jared Lee Helton Act of 2025.

➔Section 5. Whereas portions of this Act relate to the effective implementation of 2025 RS HB 15, 2025 Ky. Acts ch. 81, which took effect March 25, 2025, an emergency is declared to exist, and Section 3 of this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

➔Section 6. This Act may be cited as the Jared Lee Helton Act of 2025.

Signed by Governor April 4, 2025.

CHAPTER 161

(HB 501)

AN ACT relating to pharmaceutical drugs.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 315 IS CREATED TO READ AS FOLLOWS:

(1) Notwithstanding any other provision of law to the contrary, when a pharmacist is aware that a practitioner has died, a prescription issued by that practitioner may continue to be dispensed based on the pharmacist's professional judgment and no later than one hundred eighty (180) days following the date on which the practitioner died.

(2) Nothing in this section authorizes the dispensing of a prescription that was issued for a controlled substance unless permitted under the federal Controlled Substances Act and regulations of the United States Drug Enforcement Administration.

➔Section 2. 2025 RS HB 495/VO, Section 1, is amended to read as follows:

Notwithstanding any provision of law to the contrary and unless required under federal law, the Department for Medicaid Services and any managed care organization with whom the department contracts for the delivery of Medicaid services are hereby prohibited from expending any Medicaid funds on any of the following:

(1) Cross-sex hormones ***when prescribed or administered primarily or solely for the treatment of gender dysphoria***~~[in amounts greater than would normally be produced endogenously in a healthy person of the same age and sex]~~; and

(2) Gender reassignment surgery to alter or remove physical or anatomical characteristics or features that are typical for and characteristic of a person's biological sex.

Became law without Governor's signature April 10, 2025.

CHAPTER 162

(HB 622)

Provisions of this bill that are to be deleted due to vetoes of the Governor that were not overridden by the General Assembly are displayed as bracketed text with intervening strikethrough and enclosed in double asterisks, e.g., **~~[text]~~**.

AN ACT relating to fiscal matters and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 45A.030 is amended to read as follows:

As used in this code, unless the context requires otherwise:

(1) "Business" means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other legal entity through which business is conducted;

(2) "Change order" means a written order signed by the purchasing officer, directing the contractor to make changes that the changes clause of the contract authorizes the purchasing officer to order without the consent of the contractor;

(3) "Chief purchasing officer" means the secretary of the Finance and Administration Cabinet, who shall be responsible for all procurement of the Commonwealth except as provided by KRS Chapters 150, 175, 175B, 176, 177, and 180;

(4) "Construction" means the process of building, altering, repairing, improving, or demolishing any public structures or buildings, or other public improvements of any kind to any public real property. It does not include the routine maintenance of existing structures, buildings, or real property;

(5) "Construction manager-agency" means services to assist the purchasing agency manage construction that are procured through a contract that is qualifications-based;

(6) "Construction management-at-risk" means a project delivery method in which the purchasing officer enters into a single contract with an offeror that assumes the risk for construction at a contracted guaranteed maximum price as a general contractor, and provides consultation and collaboration regarding the construction during and after design of a capital project. The contract shall be subject to the bonding requirements of KRS 45A.190;

(7) "Construction manager-general contractor" means a project delivery method in which the purchasing officer enters into a single contract with an offeror to provide preconstruction and construction services. During the preconstruction phase, the successful offeror provides design consulting services. During the construction phase, the successful offeror acts as general contractor by:

(a) Contracting with subcontractors; and

(b) Providing for management and construction at a fixed price with a completion deadline;

(8) "Contract" means all types of state agreements, including ***memoranda of agreement,*** grants**,** and orders, for the acquisition, purchase, or disposal of supplies, services, construction, or any other item. It includes: awards; contracts of a fixed-price, cost, cost-plus-a-fixed-fee, contingency fee, or incentive type; contracts providing for the issuance of job or task orders; leases; letter contracts; purchase orders; public-private partnership agreements; ***program administration contracts; personal service contracts;*** and insurance contracts except as provided in KRS 45A.022. It includes supplemental agreements with respect to any of the foregoing;

(9) "Contract modification" means any written alteration in the specifications, delivery point, rate of delivery, contract period, price, quantity, or other contract provisions of any existing contract, whether accomplished by unilateral action in accordance with a contract provision or by mutual action of the parties to the contract. It includes bilateral actions, such as supplemental agreements, and unilateral actions, such as change orders, administrative changes, notices of termination, and notices of the exercise of a contract option;

(10) "Contractor" means any person having a contract with a governmental body;

(11) "Data" means recorded information, regardless of form or characteristic;

(12) "Design-bid-build" means a project delivery method in which the purchasing officer sequentially awards separate contracts, the first for architectural, engineering, or engineering-related services to design the project and the second for construction of the capital project according to the design. The contract shall be subject to the bonding requirements of KRS 45A.185;

(13) "Design-build" means a project delivery method in which the purchasing officer enters into a single contract for design and construction of a capital project. The contract shall be subject to the bonding requirements of KRS 45A.190;

(14) "Designee" means a duly authorized representative of a person holding a superior position;

(15) "Document" means any physical embodiment of information or ideas, regardless of form or characteristic, including electronic versions thereof;

(16) "Employee" means an individual drawing a salary from a governmental body, whether elected or not, and any nonsalaried individual performing personal services for any governmental body;

(17) "Governmental body" means any department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, or other establishment of the executive or legislative branch of the state government;

(18) "Meeting" means all gatherings of every kind, including video teleconferences;

(19) "Negotiation" means contracting by either the method set forth in KRS 45A.085, 45A.090, or 45A.095;

(20) "Person" means any business, individual, organization, or group of individuals;

(21) "Private partner" means any entity that is a partner in a public-private partnership other than:

(a) The Commonwealth of Kentucky, or any agency or department thereof;

(b) The federal government;

(c) Any other state government; or

(d) Any agency of a state, federal, or local government;

(22) "Procurement" means the purchasing, buying, renting, leasing, or otherwise obtaining of any supplies, services, or construction. It includes all functions that pertain to the procurement of any supply, service, or construction item, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration;

(23) "Public-private partnership" means a project delivery method for construction or financing of capital projects, as defined in KRS 45.750, or procurement of services, pursuant to a written public-private partnership agreement entered into pursuant to KRS 45A.077 and administrative regulations promulgated thereunder, between:

(a) At least one (1) private partner; and

(b) The Commonwealth of Kentucky, or any agency or department thereof;

(24) "Purchase request" or "purchase requisition" means that document whereby a using agency requests that a contract be obtained for a specified need, and may include, but is not limited to, the technical description of the requested item, delivery schedule, transportation, criteria for evaluation of solicitees, suggested sources of supply, and information supplied for the making of any written determination and finding required by KRS 45A.025;

(25) "Purchasing agency" means any governmental body that is authorized by this code or its implementing administrative regulations or by way of delegation from the chief purchasing officer to contract on its own behalf rather than through the central contracting authority of the chief purchasing officer;

(26) "Purchasing officer" means any person authorized by a governmental body in accordance with procedures prescribed by administrative regulations to enter into and administer contracts and make written determinations and findings with respect thereto. The term includes an authorized representative acting within the limits of authority;

(27) "Services" means the rendering by a contractor of its time and effort rather than the furnishing of a specific end product, other than reports that are merely incidental to the required performance of services;

(28) "Supplemental agreement" means any contract modification that is accomplished by the mutual action of the parties;

(29) "Supplies" means all property, including but not limited to leases of real property, printing, and insurance, except land or a permanent interest in land;

(30) "Using agency" means any governmental body of the state that utilizes any supplies, services, or construction purchased under this code;

(31) "Video teleconference" means one (1) meeting, occurring in two (2) or more locations, where individuals can see and hear each other by means of video and audio equipment; and

(32) "Writing" or "written" means letters, words, or numbers, or their equivalent, set down by handwriting, typewriting, printing, photostating, photographing, magnetic impulse, mechanical or electronic recording, or other form of data compilation.

➔Section 2. KRS 45A.035 is amended to read as follows:

(1) The secretary of the Finance and Administration Cabinet shall have power and authority over, and may, except as otherwise expressly provided in this code, adopt regulations pursuant to KRS Chapter 13A and consistent with this code governing the purchasing, management, and control of any and all supplies, services, and construction, and other items required to be purchased by the Commonwealth. The secretary shall consider and decide matters of policy with regard to state procurement. The secretary shall have the power of review with respect to the implementation of ***administrative*** regulations and policy determinations.

(2) ***Administrative*** regulations shall be ***promulgated***~~[adopted]~~ governing the following:

(a) Conditions and procedures for delegations of purchasing authority;

(b) Prequalification, suspension, debarment, and reinstatement of prospective bidders;

(c) Small purchase procedures;

(d) Conditions and procedures for the purchase of items for resale;

(e) Conditions and procedures for the purchase of agricultural products in accordance with KRS 45A.645;

(f) Conditions and procedures for the use of source selection methods authorized by this code, including emergency purchases;

(g) Opening and rejection of bids or offers, consideration of alternate bids, and waiver of informalities in offers;

(h) Confidentiality of technical data and trade secrets information submitted by actual or prospective bidders or offerors;

(i) Partial, progressive, and multiple awards;

(j) Supervision of storerooms and inventories, including determination of appropriate stock levels and the management, transfer, sale, or other disposal of state-owned property;

(k) Definitions and classes of contractual services and procedures for acquiring them;

(l) An appeals process to resolve disputes arising from specifications requiring items deemed to be equivalent or a sole brand as specified in KRS 45A.170;**~~[]~~ and~~[]~~**

(m) Use of reverse auctions as defined in KRS 45A.070**~~[~~*~~; and~~*

~~*(n) Policies and procedures governing timely payments, partial payments, reimbursement, and dispute resolution for contract payments in violation of KRS 45.453 and Section 3 of this Act*~~]**.

The secretary may ***promulgate***~~[adopt such]~~ other ***administrative*** regulations as deemed advisable to carry out the purposes of this code.

**~~[➔SECTION 3. A NEW SECTION OF KRS CHAPTER 45A IS CREATED TO READ AS FOLLOWS:~~

~~*(1) As used in this section:*~~

~~*(a) "Purchasing agency" means a unit or body of state government that actually receives goods or services from a contractor or vendor; and*~~

~~*(b) "Undisputed amount" means a good faith, valid, accurate, and timely request for payment that has been submitted to an entity owing money, and for which the entity has reviewed and confirmed that the money is due and owing.*~~

~~*(2) In accordance with KRS 45.451, all contracts shall include a section that addresses timely payments, including but not limited to the following specific provisions:*~~

~~*(a) Any undisputed amount shall be paid:*~~

~~*1. Within thirty (30) business days of receipt of the goods, services, or contractor's invoice; or*~~

~~*2. In accordance with the negotiated payment terms of the contract;*~~

~~*(b) Penalties for payment of undisputed amounts not timely received shall be:*~~

~~*1. In accordance with KRS 45.454, and except as provided in KRS 371.405, an interest penalty of one percent (1%) shall be applied and added to any undisputed amount for each month or fraction thereof after the thirty (30) business days following the receipt of the goods or services or receipt of the invoice by the purchasing agency; or*~~

~~*2. In accordance with the payment terms of the contract;*~~

~~*(c) Partial payment terms shall be included to:*~~

~~*1. Allow disbursement of partial payment for undisputed amounts in the invoice or an agreed-upon payment process for goods received or services performed that are not rejected or deficient; or*~~

~~2. Not allow disbursement of partial payment for goods received or services performed that are not rejected or deficient; and~~

~~(d) When invoices are utilized for payment, terms shall be included for the invoice requirements, including form, format, delivery, necessary information, supporting documentation, and communication and notification procedures for complete invoices.~~

~~(3) (a) The purchasing agency shall make a good faith effort of notifying the contractor or vendor that an invoice has been rejected, of any errors in an invoice, or any requirement of additional or missing information in an invoice within fifteen (15) business days from receipt of the goods, services, or invoice, or in accordance with the terms of the contract.~~

~~(b) 1. If the purchasing agency transmits a rejection notice to the contractor or vendor, there shall be a ten (10) calendar day correction period for the contractor or vendor to remedy any problems in the delivery of a good or service or submit a corrected invoice to fulfill the approval requirements. Utilization of the ten (10) calendar day correction period shall not create a new date of submission or receipt for all items included in the invoice or terms of the contract and shall not be considered a new invoice for calculation of the late payment fee pursuant to KRS 45.454.~~

~~2. If a contractor or vendor fails to remedy the problem with the good or service, or fails to submit a corrected invoice within the ten (10) calendar day correction period, the submitted invoice shall be considered a new invoice for calculation of the late payment fee pursuant to KRS 45.454.~~

~~(c) In accordance with KRS 45.458, the payment of interest penalty shall be paid by the purchasing agency and the amount of the payments shall not be deducted from the contract budget, and modifications shall not be made to the budget of the contract, the total award of the contract, funds encumbered or obligated for the contract, or total amount available to fulfill the contract agreement as awarded by the contracting agency.~~

~~(4) If a contractor or vendor has not received payment within thirty (30) business days for an undisputed amount and has executed a loan, line of credit, revolving credit, or other financial instrument in order to fulfill the obligations and continue performance of the contract, the contractor or vendor may recover from the purchasing agency the interest and costs of credit borne until the date payment has been issued.~~

~~(5) The secretary shall promulgate administrative regulations in accordance with KRS Chapter 13A no later than December 31, 2025, to implement this section. The administrative regulations shall include:~~

~~(a) Procedures for correcting an invoice submission error when the purchasing agency does not reject the goods or services received;~~

~~(b) Procedures for partial payment of invoices by a purchasing agency for portions of an invoice; and~~

~~(c) A contract dispute process, consistent with KRS 45A.235, to resolve late payment claims by contractors or vendors that includes:~~

~~1. The method and manner disputes shall be submitted to the purchasing agency for resolution by the secretary;~~

~~2. Information required to be included when a contractor or vendor submits a dispute; and~~

~~3. The time period by which the purchasing agency shall submit a response.~~

~~(6) The Finance and Administration Cabinet shall make the contract dispute process to resolve a late payment claim and instructions for vendors and contractors available on its website no later than December 31, 2025.~~

~~(7) (a) Beginning on July 1, 2027, the Finance and Administration Cabinet shall submit a written report every six (6) months to the Legislative Research Commission for referral to:~~

~~1. The Interim Joint Committee on Appropriations and Revenue, or House and Senate Standing Committees on Appropriations and Revenue, as appropriate; and~~

~~2. The Interim Joint Committee on State Government, or Senate Standing Committee on State and Local Government and House Standing Committee on State Government, as appropriate.~~

~~*(b) The report shall include the quantity of late payment contract disputes submitted to the secretary of the Finance and Administration Cabinet, including but not limited to:*~~

~~*1. Purchasing agency at issue;*~~

~~*2. Unpaid amount alleged or disputed;*~~

~~*3. Duration of late payment claimed; and*~~

~~*4. Determination issued.*~~]**

➔Section 4. 2024 Ky. Acts ch. 173, sec. 1, subsec. (173), at page 1764, as amended by 2024 Kentucky Acts Chapter 223, Section 25, at page 2345, is amended to read as follows:

(173) $50,000,000 in fiscal year 2024-2025 to the Economic Development budget unit to support the Kentucky Economic Development Finance Authority Loan Pool. ***Of this amount $30,000,000***~~[The appropriation contained in this subsection]~~ shall be used to provide funding to ***the City of Elizabethtown for the Valley Creek Treatment Expansion Project.***~~[Hardin and Warren Counties, communities experiencing significant economic development growth due to announced projects with investments exceeding $2,000,000,000 for supporting critical infrastructure improvements, such as water and sewer requirements, for continued economic development. Assistance may be in the form of a loan with the ability for forgiveness due to meeting negotiated requirements related to increased economic development for the community.]~~ ***The remaining***~~[Of this amount,]~~ $20,000,000 shall be allocated to the Intermodal Transportation Authority***, Inc. for the*** project at the Kentucky Transpark ***and surrounding areas. The funds shall be used to support communities experiencing economic development growth due to announced projects with investments exceeding $2,000,000,000. Assistance may be in the form of a loan with the ability for forgiveness due to meeting negotiated requirements related to increased economic development for the community***;

➔Section 5. 2024 Ky. Acts ch. 173, sec. 1, subsec. (179), at page 1765 is amended to read as follows:

(179) $10,000,000 in fiscal year 2024-2025 to the Economic Development budget unit to be allocated to the ***Grayson County Fiscal Court***~~[Leitchfield Grayson County Airport]~~ to purchase acreage for the expansion of runways to promote economic growth;

➔Section 6. 2024 Ky. Acts ch. 175, Part I, Operating Budget, C. Department of Education, 3. Learning and Results Services, (16) School Resource Officers, at page 1836, is amended to read as follows:

(16) School Resource Officers: ***(a)*** Included in the above General Fund appropriation is $16,500,000 in fiscal year 2024-2025 and $18,000,000 in fiscal year 2025-2026 to the Kentucky Department of Education to assist local districts in funding salaries for school resource officers, as defined in KRS 158.441, on a reimbursement basis. ***Once each local district has staffed and continues to maintain one school resource officer for each campus in that district, the local district is then eligible to apply for reimbursement for additional assistance in funding salaries for school resource officers, except that the assistance allowed under this paragraph shall be limited to:***

1. Funding available in this subsection; and

2. No more than one school resource officer for each academic building.

Monthly grants shall first be applied to the per campus requirement across all local districts and then to districts that meet the per campus requirement and have additional school resource officers, but only to the extent that funding is available. The Kentucky Department of Education shall reimburse local school districts up to $20,000 for each~~[campus employing at least one on-site]~~ full-time certified school resource officer. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705). Mandated reports shall be submitted pursuant to Part III, 24. of this Act.

~~**[*(b) The Kentucky Department of Education shall assist nonpublic schools in funding salaries for school officers. The Kentucky Department of Education shall pay a law enforcement agency or the Department of Kentucky State Police up to $20,000 for each full-time certified school resource officer for which the nonpublic school has entered into a memorandum of understanding for school resource officer services as a partial payment of the total rate charged. These payments shall be deemed necessary government expenses and up to $5,000,000 in each fiscal year shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).*~~

~~*(c) Notwithstanding any statute to the contrary, a law enforcement agency or the Department of Kentucky State Police shall charge the same total rate for school resource officer services to a local school district and nonpublic schools, which shall be the rate charged to a local school district as of January 1, 2025.*~~]**

➔Section 7. The secretary of the Finance and Administration Cabinet may request up to $20,000,000 in fiscal biennium 2024-2026 as additional funding for 2022 Kentucky Acts Chapter 199, Part II, Capital Projects Budget, F., 2., 004. Capitol Campus Renovation-Phase 2. The additional funding shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund (KRS 48.705). Notwithstanding KRS 141.020(2)(a)2., any appropriation under this section from the Budget Reserve Trust Fund Account established by KRS 48.705 shall not be identified as GF appropriations when certifying the reduction conditions pursuant to KRS 141.020(2)(a)5. and (d)2. to 5.

➔Section 8. Section 21 of 2025 RS HB 695/VO is hereby repealed and shall have no legal effect.

➔Section 9. 2025 RS HJR 32/GA, Section 1, is amended to read as follows:

(1) The General Assembly of the Commonwealth of Kentucky hereby approves and authorizes the Office of State Budget Director to release awards from the School Facility Assistance Fund in accordance with 2024 Ky. Acts ch. 175, Part I, A., 27., (5) in the specified amounts to the following local school districts for fiscal year 2025-2026:

(a) $3,837,000 to Adair County Schools;

(b) $2,679,000 to Augusta Independent;

(c) $21,563,000 to Bardstown Independent;

(d) $53,000 to Beechwood Independent;

(e) $7,917,000 to Fleming County Schools;

(f) $7,463,000 to Garrard County Schools;

(g) $25,348,000 to Harrison County Schools;

(h) $39,099,000 to Johnson County Schools;

(i) $9,870,000 to Marion County Schools;

(j) $2,959,000 to Powell County Schools;

(k) $5,851,000 to Somerset Independent;

(l) $24,000 to Walton Verona Independent; and

(m) $3,724,000 to Williamstown Independent.

(2) Award amounts are 50 percent of the difference between the costs to construct, repair, or renovate facilities and the amount of available local resources for school facility projects certified in the audit conducted pursuant to 2024 Ky. Acts ch. 175, Part I, A., 22., (11). ***The funding allowed in this section shall not be more than 50 percent of the certified gap identified in the audit, and the cost to construct shall not deviate from the amount listed in the audit, and any amounts not covered shall be locally funded.*** These facilities are A1 or A2 schools, are ranked as a Priority 1 or 2 on the local school district's facility plan, are not athletic facilities, have been assigned a BG number by the Kentucky Department of Education with a prefix value between 19 and 23, have begun or are ready to start construction, and are in school districts that have levied a ten-cent equivalent tax dedicated to capital improvements but remain unable to cash fund or to sufficiently support the required annual debt service for replacement or renovation of the facilities as of January 1, 2024. Six of the 19 districts evaluated either failed to meet the criteria or had sufficient local resources to cover construction, repair, or renovation costs.

➔Section 10. 2025 RS HJR 46/VO, Section 1, is amended to read as follows:

Notwithstanding KRS 48.100, 48.110, 48.300, and 176.430, this Joint Resolution in conjunction with 2024 Ky. Acts ch. 146, 2024 Ky. Acts ch. 147, and 2024 Ky. Acts ch. 153 shall constitute the Six-Year Road Plan. ***Any County Priority Project identified in this Joint Resolution may be advanced to fiscal year 2024-2025, if funds are available.***

➔Section 11. KRS 141.383 is amended to read as follows:

(1) As used in this section:

(a) "Above-the-line production crew" has the same meaning as in KRS 154.61-010;

(b) "Approved company" has the same meaning as in KRS 154.61-010;

(c) "Authority" has the same meaning as in KRS 154.61-010;

(d) "Below-the-line production crew" has the same meaning as in KRS 154.61-010;

(e) "Continuous film production" has the same meaning as in KRS 154.61-010;

(f) "Loan-out entity" has the same meaning as in KRS 154.61-010;

(g) "Qualifying expenditure" has the same meaning as in KRS 154.61-010;

(h) "Qualifying payroll expenditure" has the same meaning as in KRS 154.61-010;

(i) "Secretary" has the same meaning as in KRS 154.61-010; and

(j) "Tax incentive agreement" has the same meaning as KRS 154.61-010.

(2) (a) There is hereby created a tax credit against the tax imposed under KRS 141.020 or 141.040 and 141.0401, with the ordering of credits as provided in KRS 141.0205.

(b) The incentive available under paragraph (a) of this section is:

1. A refundable credit for applications approved prior to April 27, 2018;

2. A nonrefundable and nontransferable credit for applications approved on or after April 27, 2018, but before January 1, 2022; and

3. A refundable credit for applications approved on or after January 1, 2022, if the provisions of paragraph (c) of this subsection are met.

(c) 1. The total tax incentive approved under KRS 154.61-020 shall be limited to:

a. One hundred million dollars ($100,000,000) for calendar year 2018 and each calendar year through the calendar year 2021;

b. Seventy-five million dollars ($75,000,000) for the calendar year 2022 and each calendar year thereafter; and

c. Beginning with calendar year 2024, the amount in subdivision b. of this subparagraph shall be allocated accordingly:

i. Twenty-five million dollars ($25,000,000) shall be allocated for all approved companies with a continuous film production; and

ii. On the first day of ***April 2025, and on April 1***~~[July]~~ of each calendar year ***thereafter***, any unused balance allocated under subpart i. of this subdivision for continuous film productions shall be made available for all approved companies with a motion picture or entertainment production.

2. To qualify for the refundable credit, all applicants shall:

a. Begin filming or production in Kentucky within six (6) months of approval by the authority; and

b. Complete filming or production in Kentucky within two (2) years of their production start date.

(3) An approved company may receive a refundable tax credit if:

(a) The department has received notification from the authority that the approved company has satisfied all requirements of KRS 154.61-020 and 154.61-030; and

(b) The approved company has provided a detailed cost report and sufficient documentation to the authority, which has been forwarded by the authority to the department, that:

1. The purchases of qualifying expenditures were made after the execution of the tax incentive agreement; and

2. The approved company or loan-out entity has withheld income tax as required by KRS 141.310 on all qualified payroll expenditures, and remitted and certified the withheld amount to the department.

(4) Interest shall not be allowed or paid on any refundable credits provided under this section.

(5) The department may promulgate administrative regulations under KRS Chapter 13A to administer this section.

(6) On or before September 1, 2010, and on or before each September 1 thereafter, for the immediately preceding fiscal year, the department shall report to the authority and the Interim Joint Committee on Appropriations and Revenue the names of the approved companies and the amounts of refundable income tax credit claimed.

(7) No later than September 1, 2021, and by November 1 every four (4) years thereafter, the department and the Cabinet for Economic Development shall cooperatively provide historical data related to the tax credit allowed in this section and KRS 154.61-020 and 154.61-030, including data items beginning with tax credits claimed for taxable years beginning on or after January 1, 2018:

(a) The name of the taxpayer claiming the tax credit;

(b) The date that the application was approved and the date the filming or production was completed;

(c) The taxable year in which the taxpayer claimed the tax credit;

(d) The total amount of the tax credit, including any amount denied, any amount applied against a tax liability, any amount refunded, and any amount remaining that may be claimed on a return filed in the future;

(e) Whether the taxpayer is a Kentucky-based company as defined in KRS 154.61-010;

(f) Whether the taxpayer films or produces a:

1. Feature-length film, television program, or industrial film;

2. National touring production of a Broadway show; or

3. Documentary;

(g) Whether the filming or production was performed:

1. Entirely in an enhanced county; or

2. In whole or in part in any Kentucky county other than in an enhanced incentive county;

(h) The amount of qualifying expenditures incurred by the taxpayer;

(i) The amount of qualifying payroll expenditures paid to:

1. Resident below-the-line crew; and

2. Nonresident below-the-line production crew;

including the number of crew members in each category;

(j) The amount of qualifying payroll expenditures paid to:

1. Resident above-the-line crew; and

2. Nonresident above-the-line crew;

including the number of crew members in each category; and

(k) A brief description of the type of motion picture or entertainment production project.

(8) The information required to be reported under this section shall not be considered confidential taxpayer information and shall not be subject to KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes prohibiting disclosure or reporting of information.

➔Section 12. The unused balance identified in Section 11(2)(c)1.c.ii. of this Act as of the first day of April 2025 shall be allocated and made available for all approved companies with a motion picture or entertainment production on or after the effective date of this Act.

➔Section 13. Whereas the provisions of this Act provide ongoing support for state government agencies and their functions, an emergency is declared to exist, and Sections 4 to 8 and 10 to 12 of this Act take effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Vetoed in Part and remaining provisions became law without Governor's signature April 10, 2025.