

CHAPTER 54

(SB 153)

AN ACT relating to the prevention of harmful and fraudulent practices.

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 *that engages* in the business of contracting, *providing*, or offering to contract ~~or[, 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) *Except as provided in paragraph (c) of this subsection*, 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; *and*
 - (c) *Does not include:*
 1. *Investigating, negotiating, or effecting the settlement of an insurance claim; or*
 2. *Otherwise adjusting losses or damages covered by an insurance policy;*
- (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) "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; and
- (6) "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.

➔Section 2. KRS 367.624 is amended to read as follows:

Prior to entering into a real estate goods or services contract with any person, a contractor shall furnish the person with:

- (1) The mailing address of the contractor through which written communication may be received;
- (2) The telephone number of the contractor and, if applicable, the contractor's facsimile number and email address;
- (3) *The following notices*~~[A statement]~~ in at least ten (10) point boldface type~~[that states]~~:
 - (a) "You may cancel this contract at any time before midnight on the fifth business day after you have received written notification from the insurer that all or any part of the contracted goods, services, or goods and services 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

(b) ***"This contract shall not assign or otherwise transfer, in whole or in part, your duties, rights, or benefits under the property, casualty, or property and casualty insurance policy in violation of KRS 304.20-105. Any contract entered in violation of KRS 304.20-105 shall be void and unenforceable.";*** 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 insurer that all or any part of the contracted goods, services, or goods and services 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. 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 contractor), or email a notice of cancellation to (enter email address of contractor), or transmit a notice of cancellation to (enter facsimile number of contractor), not later than midnight of the fifth day after you receive notice from the insurer.

I HEREBY CANCEL THIS TRANSACTION.

.....

(Date)

.....

(Buyer's Signature)".

➔Section 3. 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:

(a) A contractor shall:

- 1. Not require any advance payments under a real estate goods or services contract until the cancellation period provided in KRS 367.622 has expired; and
- 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 contract has been cancelled under KRS 367.622; **and**

(b) ***1. [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 entered into the contract with the contractor if the contract:*****

- a. Has been***~~against any person who has~~ cancelled~~[the contract]~~ under KRS 367.622; ~~or~~~~[and]~~
- b. [(c)] [Any real estate goods or services contract that]Contains a price that violates KRS 367.374[shall not be enforceable].***

2. A person shall not be required to pay a cancellation fee or any other fee contained in, or required under, a contract that is not enforceable against the person under subparagraph 1. of this paragraph.

- (3) A contractor that provides any repair services or emergency goods or services authorized under a real estate goods or services contract that **is not enforceable by the contractor** ~~[has been cancelled]~~ under **subsection (2)(b) of this section** ~~[KRS 367.622]~~, 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.

➔Section 4. KRS 367.628 is amended to read as follows:

- (1) (a) Except as provided in **paragraph** ~~[paragraphs (b) and]~~ (c) of this subsection, a contractor, or person representing a contractor, shall not:
1. Represent, negotiate, or advertise to represent or negotiate, **as a public adjuster or otherwise**, on behalf of any insured on any insurance claim in connection with the provision of goods or services relating to real estate; **or**
 2. **Represent or market the contractor or person, any employee or agent of the contractor or person, or any business of the contractor or person as:**
 - a. **A claims specialist or expert;**
 - b. **An insurance specialist or expert; or**
 - c. **Having any affiliation with an insurer or an insurer's agent.**
- (b) **Any provision of a contract between a contractor, or a person representing a contractor, and an insured in violation of paragraph (a)1. of this subsection shall not be enforceable.**
- (c) Nothing in this subsection shall be construed to prohibit a contractor, or person representing a contractor, from:
1. Providing an estimate for the provision of goods or services relating to real estate; or
 2. Conferring with an insurance company's representative about damage to real estate after a claim has been submitted by an insured~~;~~
- ~~(e) This subsection shall not apply to a public adjuster licensed under Subtitle 9 of KRS Chapter 304.~~
- (2) Where goods or services relating to real estate are expected to be paid from property, casualty, or property and casualty insurance proceeds, a contractor or person representing a contractor shall not:
- (a) Cause, **or command or encourage another person to cause**, damage to any part of the real estate in order to:
 1. Increase the scope of goods or services provided; **or** ~~[or encourage a person to cause damage to any part of the real estate in order to]~~
 2. Secure a contract for goods or services;
 - (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;
 - (c) Grant an allowance or discount against the fee to be charged by a contractor;
 - (d) Pay or offer to pay the insured, or his or her representative, for whom services have been or will be performed, 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) *Be financially connected, directly or indirectly, to any of the following in the provision of the goods or services relating to real estate:*
1. *A public adjuster;*
 2. *An appraiser; or*
 3. *Any other person that specializes in:*
 - a. *Investigating, negotiating, or effecting the settlement of an insurance claim;*
 - b. *Providing estimates other than estimates for goods or services relating to real estate;*
 - c. *Insurance; or*
 - d. *Supplements;*
- (f) *Solicit or provide contracts on behalf of any other person or business engaged in a claim under the policy for services that are outside the contractor's scope of work, including but not limited to contracts for appraisers, public adjusters, or any other person that specializes in:*
1. *Investigating, negotiating, or effecting the settlement of an insurance claim;*
 2. *Providing estimates other than estimates for goods or services relating to real estate;*
 3. *Insurance; or*
 4. *Supplements; or*
- (g) *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.*

(3) *In addition to being a violation of this section, a violation of subsection (2)(a) of this section shall also be:*

- (a) *A fraudulent insurance act in violation of Section 7 of this Act; and*
- (b) *Criminal mischief in the first degree in violation of Section 8 of this Act.*

➔Section 5. KRS 367.627 is amended to read as follows:

- (1) *The Attorney General shall enforce KRS 367.620 to 367.628.*
- (2) *All of the remedies, powers, and duties provided to the Attorney General under KRS 367.110 to 367.300, and the penalties provided in KRS 367.990, pertaining to any violation of KRS 367.110 to 367.300, shall apply with equal force and effect to a violation of KRS 367.620 to 367.628.*
- (3)
 - (a) *The Attorney General may institute an action in any court of competent jurisdiction against any person alleged to have violated KRS 367.620 to 367.628.*
 - (b) *A person injured by a violation of KRS 367.620 to 367.628 may institute an action in any court of competent jurisdiction against any person alleged to have committed the violation*~~[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) *In any action brought under this subsection, if the court finds that the person has committed one (1) or more violations of KRS 367.620 to 367.628:*
 1. *The plaintiff may:*~~[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) In addition to injunctive relief and any other relief the plaintiff may be entitled to under this section:~~
 - a. *Obtain an injunction to enjoin a continuance of the unlawful activity;*
 - b.~~[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, which shall be paid to the injured person or persons; and*

~~c. [2.] **Be awarded** [The court may award the plaintiff] reasonable **attorney's** [attorneys'] fees and costs; **and** [~~

~~(2) In addition to the remedies provided under subsection (1) of this section:~~

~~(a) All of the remedies, powers, and duties provided to the Attorney General under KRS 367.110 to 367.300, and the penalties provided in KRS 367.990, shall apply with equal force and effect to any act declared unlawful by KRS 367.620 to 367.628; and]~~

~~2. [(b)] **In addition to the remedies and penalties provided under subparagraph 1. of this paragraph,** 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].~~

~~(4) [(3)] **It shall not be necessary that actual economic damages be alleged or proved in order to recover any other remedy or penalty authorized under this section.**~~

(5) (a) **The remedies and penalties prescribed in KRS 367.620 to 367.628 shall be cumulative.**

(b) **KRS 367.620 to 367.628 shall not be construed to limit or restrict the powers, duties, remedies, or penalties available to the Attorney General, the Commonwealth, or any other person under any other statutory or common law** [Nothing in this section shall prohibit the Attorney General or any other person from pursuing the recovery of damages afforded elsewhere under the law].

➔ SECTION 6. A NEW SECTION OF KRS CHAPTER 15 IS CREATED TO READ AS FOLLOWS:

The Attorney General shall have concurrent jurisdiction with Commonwealth's attorneys and county attorneys in the investigation and prosecution of offenses under Section 7 of this Act.

➔ Section 7. 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;
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. 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) ***Violates subsection (2)(a) of Section 4 of this Act; or***
- (h) 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 *in a court of competent jurisdiction* to recover compensatory damages, plus all reasonable investigation and litigation expenses, including ~~attorney's~~ attorneys' fees, ~~at the trial and appellate courts~~.
- (7) (a) *The Attorney General shall have concurrent jurisdiction to investigate and prosecute violations of this section in accordance with Section 6 of this Act.*
- (b) *The Attorney General, a Commonwealth's attorney, or a county attorney shall refer to the commissioner any report, investigation, or discovery of a fraudulent insurance act that is received, initiated, or discovered by the Attorney General, Commonwealth's attorney, or county attorney unless the fraudulent insurance act has been previously reported to the commissioner.*
- (8) (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.

➔Section 8. KRS 512.020 is amended to read as follows:

- (1) A person is guilty of criminal mischief in the first degree when:~~;~~
 - (a) 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:
 - 1.~~(a)~~ Defaces, destroys, or damages any property causing pecuniary loss of five hundred dollars (\$500) or more;
 - 2.~~(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 harmful or dangerous;
 - 3.~~(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
 - 4.~~(d)~~ As a squatter, ~~intentionally or wantonly~~ defaces, destroys, or damages real property causing pecuniary loss of five hundred dollars (\$500) or more; **or**
 - (b) *He or she violates subsection (2)(a) of Section 4 of this Act.*
- (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 9. A NEW SECTION OF KRS CHAPTER 367 IS CREATED TO READ AS FOLLOWS:

- (1) *As used in this section:*
- (a) *"Contractor" means any person or business engaged in:*
 - 1. *Roofing or siding repair or replacement;*
 - 2. *Water damage mitigation or restoration; or*
 - 3. *Tree or debris removal;*
 - (b) *"Designated area" means the geographical area indicated in a state of emergency declaration issued by:*
 - 1. *The Governor, or a local chief executive officer, under KRS 39A.100; or*
 - 2. *A local government under KRS 39B.070; and*
 - (c) *"Local government" means any city, county, urban-county government, consolidated local government, charter county government, or unified local government.*
- (2) (a) *When a state of emergency is declared by the Governor, a local chief executive officer, or a local government under KRS 39A.100 or 39B.070, as applicable, and the state of emergency results from an incident or situation that causes destruction to real estate, the Attorney General may issue an order requiring all persons engaging in business as a contractor in the designated area to comply with this section for a period of time determined by the Attorney General to be sufficient to protect the lives, property, and welfare of citizens in the designated area, which period of time may be extended by subsequent order.*
- (b) *If an order is issued under paragraph (a) of this subsection, the Attorney General shall:*
- 1. *Subject to subsection (6)(c) of this section, issue an order determining whether a local government within the designated area imposes greater emergency registration or emergency licensure requirements on contractors doing business in the designated area than the requirements in subsection (3)(a), (b), and (c) of this section; and*
 - 2. *Issue a certificate of registration to any contractor that submits a completed registration application that meets the requirements of this section.*
- (c) *All contractors engaging in business within the designated area shall comply with this section in accordance with any order issued by the Attorney General under paragraph (a) of this subsection.*
- (d) *A certificate of registration issued under paragraph (b)2. of this subsection shall not be transferred, leased, or sold.*
- (e) *Any peace officer in the designated area shall be authorized to enforce an order issued under paragraph (a) of this subsection.*
- (3) *Except as provided in subsection (5) of this section, a contractor subject to an order issued under subsection (2)(a) of this section shall:*
- (a) *Submit an application for registration to the Attorney General, and on a form established by the Attorney General, which shall at a minimum, include:*
 - 1. *The name, physical address, phone number, mailing address, and email address of the contractor;*
 - 2. *The name, Social Security number, physical address, mailing address, and phone number of the owner of the contractor business;*
 - 3. *The name, driver's license number, Social Security number, and date of birth of a local contact person, who shall be responsible for the conduct of all employees and solicitors of the contractor in the designated area;*
 - 4. *The following:*
 - a. *Evidence that the contractor has a liability insurance policy or bond;*
 - b. *The name and phone number of the insurer or bond company; and*
 - c. *If applicable, the policy number;*

5. *Evidence of the contractor's compliance with applicable workers' compensation laws and, if applicable, the risk number;*
6. *Any former names under which the contractor has operated in the past ten (10) years; and*
7. *Whether the contractor has been the subject of a business-related lawsuit;*
- (b) *Upon request, provide a copy of the contractor's certificate of registration to any:*
 1. *Person doing business with the contractor in the designated area, including but not limited to customers and prospective customers;*
 2. *Official, employee, or other representative of a local government in the designated area; and*
 3. *Peace officer in the designated area;*
- (c) *Conspicuously post a copy of the contractor's certificate of registration at each job site within the designated area;*
- (d) *Provide proof of the contractor's registration under this section to an insured and the insured's insurer with any authorization of a direction of payment under a property, casualty, or property and casualty insurance claim; and*
- (e) *Comply with:*
 1. *Subsection (4) of this section; and*
 2. *KRS 367.620 to 367.628.*
- (4) (a) *Except as provided in paragraph (b) of this subsection, in order to protect the safety and well-being of first responders, victims of the declared state of emergency, and others in the designated area, a contractor shall not solicit business in person within the designated area for ninety (90) days after the state of emergency was declared without prior approval of the property owner.*
- (b) *This subsection shall not prohibit:*
 1. *A contractor from soliciting business in person upon the request of the property owner;*
 2. *Public advertising; or*
 3. *Direct communications by telephone or digital means.*
- (5) (a) *Except as provided in paragraph (b) of this subsection, a local government shall not require any emergency registration or emergency licensure for a contractor that complies with subsection (3)(a), (b), and (c) of this section during the period of time determined by the Attorney General under subsection (2)(a) of this section.*
- (b) *If the Attorney General issues an order under subsection (2)(b)1. of this section determining that a local government in the designated area imposes emergency registration or emergency licensure requirements for contractors that are greater than the requirements imposed under subsection (3)(a), (b), and (c) of this section, a contractor doing business in the designated area shall:*
 1. *Comply with all of the emergency registration or emergency licensure requirements of the local government; and*
 2. *Be exempt from subsection (3)(a), (b), and (c) of this section.*
- (6) (a) *When a state of emergency is declared by the Governor, a local chief executive officer, or a local government under KRS 39A.100 or 39B.070, as applicable, and the state of emergency results from an incident or situation that causes destruction to real estate, a local government in the designated area may submit a written declaration to the Attorney General that:*
 1. *States that the local government's emergency registration or emergency licensure requirements for contractors are greater than the requirements imposed under subsection (3)(a), (b), and (c) of this section; and*
 2. *Includes a copy of the applicable ordinances, orders, or regulations of the local government.*

- (b) *If a local government files a declaration under paragraph (a) of this subsection, the Attorney General shall, within five (5) days of receiving the declaration, provide a written response to the local government that:*
1. *Affirms the declaration; or*
 2. *Rejects the declaration.*
- (c) *An order issued by the Attorney General under subsection (2)(b)1. of this section shall conform to the response provided to the local government under paragraph (b) of this subsection.*
- (7) *The Attorney General may promulgate administrative regulations in accordance with KRS Chapter 13A necessary for or as an aid to the effectuation of this section.*
- (8) *This section shall not prevent a local government from enforcing any ordinance or regulation of general applicability related to occupational licenses, including the local government's existing ordinances governing itinerant merchants.*

➔Section 10. KRS 411.230 is amended to read as follows:

A civil action may be maintained under this section against any person that knowingly directs or causes a person to violate KRS 512.020(1)(a)2.~~[(b)]~~. Liability shall include actual damages to personal or real property caused by the offense and may include punitive damages and court costs.

➔Section 11. If any provision of this Act, or this Act's application to any person or circumstance, is held invalid, the invalidity shall not affect other provisions or applications of the Act, which shall be given effect without the invalid provision or application, and to this end the provisions and applications of this Act are severable.

➔Section 12. Sections 1 to 4 of this Act apply to contracts entered into on or after the effective date of this Act.

Signed by Governor April 8, 2026.