

1 AN ACT relating to executive branch ethics.

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

3 ➔Section 1. KRS 11A.100 is amended to read as follows:

4 (1) The provisions of KRS Chapter 13B shall apply to all commission administrative
5 hearings, ***except for the provisions of:***

6 ***(a) KRS 13B.030(2)(b);***

7 ***(b) Subsections (1), (2), and (3) of Section 3 of this Act when a party fails to file***
8 ***an answer or otherwise participate; and***

9 ***(c) Subsection (7) of Section 4 of this Act.***

10 (2) All administrative hearings of the commission carried out pursuant to the provisions
11 of this section shall be public, unless the members vote to go into executive session
12 in accordance with KRS 61.810.

13 (3) The commission, upon a finding pursuant to an administrative hearing that there has
14 been clear and convincing proof of a violation of this chapter, may:

15 (a) Issue an order requiring the violator to cease and desist the violation; and

16 (b) Issue an order requiring the violator to file any report, statement, or other
17 information as required by this chapter; and

18 (c) In writing, publicly reprimand the violator for potential violations of the law
19 and provide a copy of the reprimand to the alleged violator's appointing
20 authority, if any; and

21 (d) In writing, recommend to the violator's appointing authority that the violator
22 be removed or suspended from office or employment, and include a
23 recommendation for length of suspension, to be approved by the appointing
24 authority, if any; and

25 (e) Issue an order requiring the violator to pay a civil penalty of not more than
26 five thousand dollars (\$5,000) for each violation of this chapter.

27 (4) In addition to any other remedies provided by law, any violation of this chapter

1 which has substantially influenced the action taken by any state agency in any
2 particular matter shall be grounds for voiding, rescinding, or canceling the action on
3 such terms as the interests of the state and innocent third persons require.

4 (5) The commission shall refer to the Attorney General evidence of violations of KRS
5 11A.040 for prosecution. The Attorney General shall have responsibility for all
6 prosecutions under the law and may request from the commission all evidence
7 collected in its investigation. The commission may represent itself through the
8 general counsel in all subsequent proceedings.

9 ➔Section 2. KRS 13B.020 is amended to read as follows:

10 (1) The provisions of this chapter shall apply to all administrative hearings conducted
11 by an agency, with the exception of those specifically exempted under this section.
12 The provisions of this chapter shall supersede any other provisions of the Kentucky
13 Revised Statutes and administrative regulations, unless exempted under this section,
14 to the extent these other provisions are duplicative or in conflict. This chapter
15 creates only procedural rights and shall not be construed to confer upon any person
16 a right to hearing not expressly provided by law.

17 (2) The provisions of this chapter shall not apply to:

18 (a) Investigations, hearings to determine probable cause, or any other type of
19 information gathering or fact finding activities;

20 (b) Public hearings required in KRS Chapter 13A for the promulgation of
21 administrative regulations;

22 (c) Any other public hearing conducted by an administrative agency which is
23 nonadjudicatory in nature and the primary purpose of which is to seek public
24 input on public policy making;

25 (d) Military adjudicatory proceedings conducted in accordance with KRS Chapter
26 35;

27 (e) Administrative hearings conducted by the legislative and judicial branches of

- 1 state government;
- 2 (f) Administrative hearings conducted by any city, county, urban-county, charter
3 county, or special district contained in KRS Chapters 65 to 109, or any other
4 unit of local government operating strictly in a local jurisdictional capacity;
- 5 (g) Informal hearings which are part of a multilevel hearing process that affords
6 an administrative hearing at some point in the hearing process if the
7 procedures for informal hearings are approved and promulgated in accordance
8 with subsections (4) and (5) of this section;
- 9 (h) Limited exemptions granted for specific hearing provisions and denoted by
10 reference in the text of the applicable statutes or administrative regulations;
- 11 (i) Administrative hearings exempted pursuant to subsection (3) of this section;
- 12 (j) Administrative hearings exempted, in whole or in part, pursuant to
13 subsections (4) and (5) of this section; and
- 14 (k) Any administrative hearing which was commenced but not completed prior to
15 July 15, 1996.
- 16 (3) The following administrative hearings are exempt from application of this chapter
17 in compliance with 1994 Ky. Acts ch. 382, sec. 19:
- 18 (a) Finance and Administration Cabinet
- 19 1. Higher Education Assistance Authority
- 20 a. Wage garnishment hearings conducted under authority of 20
21 U.S.C. sec. 1095a and 34 C.F.R. sec. 682.410
- 22 b. Offset hearings conducted under authority of 31 U.S.C. sec. 3720A
23 and sec. 3716, and 34 C.F.R. sec. 30.33
- 24 2. Department of Revenue
- 25 a. Any licensing and bond revocation hearings conducted under the
26 authority of KRS 138.210 to 138.448 and 234.310 to 234.440
- 27 b. Any license revocation hearings under KRS 131.630 and 138.130

1 to 138.205

2 (b) Cabinet for Health and Family Services

3 1. Office of Health Policy

4 a. Certificate-of-need hearings and licensure conducted under
5 authority of KRS Chapter 216B

6 b. Licensure revocation hearings conducted under authority of KRS
7 Chapter 216B

8 2. Department for Community Based Services

9 a. Supervised placement revocation hearings conducted under
10 authority of KRS Chapter 630

11 3. Department for Income Support

12 a. Disability determination hearings conducted under authority of 20
13 C.F.R. sec. 404

14 4. Department for Medicaid Services

15 a. Administrative appeal hearings following an external independent
16 third-party review of a Medicaid managed care organization's final
17 decision that denies, in whole or in part, a health care service to an
18 enrollee or a claim for reimbursement to the provider for a health
19 care service rendered by the provider to an enrollee of the
20 Medicaid managed care organization, conducted under authority of
21 KRS 205.646

22 (c) Justice and Public Safety Cabinet

23 1. Department of Kentucky State Police

24 a. Kentucky State Police Trial Board disciplinary hearings conducted
25 under authority of KRS Chapter 16

26 2. Department of Corrections

27 a. Parole Board hearings conducted under authority of KRS Chapter

- 1 439
- 2 b. Prison adjustment committee hearings conducted under authority
- 3 of KRS Chapter 197
- 4 c. Prison grievance committee hearings conducted under authority of
- 5 KRS Chapters 196 and 197
- 6 3. Department of Juvenile Justice
- 7 a. Supervised placement revocation hearings conducted under KRS
- 8 Chapter 635
- 9 (d) Energy and Environment Cabinet
- 10 1. Department for Natural Resources
- 11 a. Surface mining hearings conducted under authority of KRS
- 12 Chapter 350
- 13 2. Department for Environmental Protection
- 14 a. Wild River hearings conducted under authority of KRS Chapter
- 15 146
- 16 b. Water resources hearings conducted under authority of KRS
- 17 Chapter 151
- 18 c. Water plant operator and water well driller hearings conducted
- 19 under authority of KRS Chapter 223
- 20 d. Environmental protection hearings conducted under authority of
- 21 KRS Chapter 224
- 22 e. Petroleum Storage Tank Environmental Assurance Fund hearings
- 23 under authority of KRS Chapter 224
- 24 3. Public Service Commission
- 25 a. Utility hearings conducted under authority of KRS Chapters 74,
- 26 278, and 279
- 27 (e) Labor Cabinet

- 1 1. Department of Workers' Claims
- 2 a. Workers' compensation hearings conducted under authority of
- 3 KRS Chapter 342
- 4 2. Kentucky Occupational Safety and Health Review Commission
- 5 a. Occupational safety and health hearings conducted under authority
- 6 of KRS Chapter 338
- 7 (f) Public Protection Cabinet
- 8 1. Kentucky Claims Commission
- 9 a. Liability hearings conducted under authority of KRS 49.020(1) and
- 10 49.040 to 49.180
- 11 (g) Education and Workforce Development Cabinet
- 12 1. Unemployment Insurance hearings conducted under authority of KRS
- 13 Chapter 341
- 14 (h) Secretary of State
- 15 1. Registry of Election Finance
- 16 a. Campaign finance hearings conducted under authority of KRS
- 17 Chapter 121
- 18 (i) State universities and colleges
- 19 1. Student suspension and expulsion hearings conducted under authority of
- 20 KRS Chapter 164
- 21 2. University presidents and faculty removal hearings conducted under
- 22 authority of KRS Chapter 164
- 23 3. Campus residency hearings conducted under authority of KRS Chapter
- 24 164
- 25 4. Family Education Rights to Privacy Act hearings conducted under
- 26 authority of 20 U.S.C. sec. 1232 and 34 C.F.R. sec. 99
- 27 5. Federal Health Care Quality Improvement Act of 1986 hearings

1 conducted under authority of 42 U.S.C. sec. 11101 to 11115 and KRS
2 Chapter 311.

- 3 (4) Any administrative hearing, or portion thereof, may be certified as exempt by the
4 Attorney General based on the following criteria:
- 5 (a) The provisions of this chapter conflict with any provision of federal law or
6 regulation with which the agency must comply, or with any federal law or
7 regulation with which the agency must comply to permit the agency or
8 persons within the Commonwealth to receive federal tax benefits or federal
9 funds or other benefits;
- 10 (b) Conformity with the requirement of this chapter from which exemption is
11 sought would be so unreasonable or so impractical as to deny due process
12 because of undue delay in the conduct of administrative hearings; or
- 13 (c) The hearing procedures represent informal proceedings which are the
14 preliminary stages or the review stages of a multilevel hearing process, if the
15 provisions of this chapter or the provisions of a substantially equivalent
16 hearing procedure exempted under subsection (3) of this section are applied at
17 some level within the multilevel process.
- 18 (5) The Attorney General shall not exempt an agency from any requirement of this
19 chapter until the agency establishes alternative procedures by administrative
20 regulation which, insofar as practical, shall be consistent with the intent and purpose
21 of this chapter. When regulations for alternative procedures are submitted to the
22 Administrative Regulation Review Subcommittee, they shall be accompanied by the
23 request for exemption and the approval of exemption from the Attorney General.
24 The decision of the Attorney General, whether affirmative or negative, shall be
25 subject to judicial review in the Franklin Circuit Court within thirty (30) days of the
26 date of issuance. The court shall not overturn a decision of the Attorney General
27 unless the decision was arbitrary or capricious or contrary to law.

1 (6) Except to the extent precluded by another provision of law, a person may waive any
2 procedural right conferred upon that person by this chapter.

3 **(7) The provisions of KRS 13B.030(2)(b) shall not apply to administrative hearings**
4 **held under KRS 11A.100.**

5 ➔Section 3. KRS 13B.050 is amended to read as follows:

6 (1) In any administrative hearing, the agency shall conduct the hearing as soon as
7 practicable and shall give notice of the hearing to the parties not less than twenty
8 (20) days in advance of the date set for the hearing, unless otherwise required by
9 federal law. An agency shall make reasonable effort to schedule a hearing on a date
10 that is convenient to the parties involved.

11 (2) The notice required by subsection (1) of this section shall be served on the parties
12 by certified mail, return receipt requested, sent to the last known address of the
13 parties, or by personal service, with the exception of notices of Personnel Board
14 hearings and all board orders which may be served by first-class mail. Service by
15 certified mail shall be complete upon the date on which the agency receives the
16 return receipt or the returned notice.

17 (3) The notice required by this section shall be in plain language and shall include:
18 (a) A statement of the date, time, place, and nature of the hearing;
19 (b) The name, official title, and mailing address of the hearing officer;
20 (c) The names, official titles, mailing addresses, and, if available, telephone
21 numbers of all parties to the hearing, including the counsel or representative
22 of the agency;
23 (d) A statement of the factual basis for the agency action along with a statement
24 of issues involved, in sufficient detail to give the parties reasonable
25 opportunity to prepare evidence and argument;
26 (e) A reference to the specific statutes and administrative regulations which relate
27 to the issues involved and the procedure to be followed in the hearing;

- 1 (f) A statement advising the person of his right to legal counsel;
- 2 (g) A statement of the parties' right to examine, at least five (5) days prior to the
- 3 hearing, a list of witnesses the parties expect to call at the hearing, any
- 4 evidence to be used at the hearing and any exculpatory information in the
- 5 agency's possession; and
- 6 (h) A statement advising that any party who fails to attend or participate as
- 7 required at any stage of the administrative hearing process may be held in
- 8 default under this chapter.

9 (4) If an agency decides not to conduct an administrative hearing in response to a

10 petition, the agency shall notify the petitioner of its decision in writing, with a brief

11 statement of the agency's reasons and any administrative review available to the

12 petitioner.

13 **(5) Subsections (1), (2), and (3) of this section shall not apply to notices issued under**

14 **KRS 11A.080(4)(b) when a party fails to file an answer or otherwise fails to**

15 **participate.**

16 ➔Section 4. KRS 13B.090 is amended to read as follows:

17 (1) In an administrative hearing, findings of fact shall be based exclusively on the

18 evidence on the record. The hearing officer shall exclude evidence that is irrelevant,

19 immaterial, unduly repetitious, or excludable on constitutional or statutory grounds

20 or on the basis of evidentiary privilege recognized in the courts of this

21 Commonwealth. Hearsay evidence may be admissible, if it is the type of evidence

22 that reasonable and prudent persons would rely on in their daily affairs, but it shall

23 not be sufficient in itself to support an agency's findings of facts unless it would be

24 admissible over objections in civil actions.

25 (2) All testimony shall be made under oath or affirmation. Any part of the evidence

26 may be received in written form if doing so will expedite the hearing without

27 substantial prejudice to the interests of any party. The hearing officer may make a

1 recommended order in an administrative hearing submitted in written form if the
2 hearing officer determines there are no genuine issues of material fact in dispute and
3 judgment is appropriate as a matter of law.

4 (3) Any party shall have the right to inspect, at least five (5) days prior to the hearing, a
5 list of all witnesses every other party expects to call at the hearing, and the available
6 documentary or tangible evidence relating to an administrative hearing either in
7 person or by counsel. Copies of documentary evidence may be obtained upon the
8 payment of a fee, except documents protected from disclosure by state or federal
9 law. Nothing in this section shall be construed as giving a party the right to examine
10 or copy the personal notes, observations, or conclusions of the agency staff, unless
11 exculpatory in nature, nor shall it be construed as allowing access to the work
12 product of counsel for the agency. Conditions for examining and copying agency
13 records, fees to be charged, and other matters pertaining to access to these records
14 shall be governed by KRS 61.870 to 61.884. To the extent required by due process,
15 the hearing officer may order the inspection of any records excluded from the
16 application of KRS 61.870 to 61.884 under KRS 61.878 that relate to an act,
17 transaction, or event that is a subject of the hearing, and may order their inclusion in
18 the record under seal.

19 (4) Objections to evidentiary offers may be made by any party and shall be noted in the
20 record.

21 (5) The hearing officer may take official notice of facts which are not in dispute, or of
22 generally-recognized technical or scientific facts within the agency's specialized
23 knowledge. The hearing officer shall notify all parties, either before or during the
24 hearing, or in preliminary reports or otherwise, of any facts so noticed and their
25 source. All parties shall be given an opportunity to contest facts officially noticed.

26 (6) The agency shall cause all testimony, motions, and objections in a hearing to be
27 accurately and completely recorded. Any person, upon request, may receive a copy

1 of the recording or a copy of the transcript, if the hearing has been transcribed, at
2 the discretion of the agency, unless the hearing is closed by law. The agency may
3 prepare a transcript of a hearing or a portion of a hearing upon request but the party
4 making the request shall be responsible for the transcription costs. The form of all
5 requests and fees charged shall be consistent with KRS 61.870 to 61.884.

6 (7) In all administrative hearings, unless otherwise provided by statute or federal law,
7 the party proposing the agency take action or ~~to~~grant a benefit has the burden to
8 show the propriety of the agency action or entitlement to the benefit sought. The
9 agency has the burden to show the propriety of a penalty imposed or the removal of
10 a benefit previously granted. The party asserting an affirmative defense has the
11 burden to establish that defense. The party with the burden of proof on any issue has
12 the burden of going forward and the ultimate burden of persuasion as to that issue.
13 The ultimate burden of persuasion in all administrative hearings is met by a
14 preponderance of evidence in the record, **except when a higher standard of proof is**
15 **required by law**. Failure to meet the burden of proof is grounds for a recommended
16 order from the hearing officer.