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NEWS

- Legislative update: Bills sent to the governor on final day before veto period. Click to read more. [<https://kychamberbottomline.com/2021/03/16/legislative-update-bills-sent-to-the-governor-on-final-day-before-veto-period/>]
- Kentucky General Assembly adopts resolutions urging state leaders to address social determinants of substance use disorder recovery. Click to read more. [<https://kychamberbottomline.com/2021/03/15/kentucky-general-assembly-adopts-resolutions-urging-state-leaders-to-address-social-determinants-of-substance-use-disorder-recovery/>]

FROM THE CAPITOL

This week, the legislature met two days and sent several bills to the governor that are important to the business community. Learn more about the bills that saw final passage:

Small Business Recovery

As employers face a huge tax increase due to high unemployment rates as a result of the COVID-19 pandemic, House Bill 413, sponsored by Rep. Russell Webber, suspends taxable wage base and holds the 2020 tax schedule for 2021 and 2022 when it comes to unemployment insurance. Learn more here. [<https://kychamberbottomline.com/2021/03/15/bills-dealing-with-freezing-the-unemployment-insurance-rate-for-employers-and-osha-regulations-move-to-senate/>]

In order to protect Kentucky's small businesses from a large tax burden, House Bill 278, sponsored by Rep. Patrick Flannery, will allow small businesses and self-employed individuals in Kentucky who have received a forgivable PPP loan to deduct expenses paid with the loan. The bill was signed into law quickly after passage.

To help expand access to childcare for Kentucky's working families, Senate Bill 148, sponsored by Senator Danny Carroll, restricts regulations that can be imposed on certified family childcare homes in an effort to encourage more in-home care.

Fair Chances for More Kentuckians

In an effort to remove barriers to reentry for those exiting the corrections system, House Bill 497 [<https://kychamberbottomline.com/2021/03/15/certificate-of-employability-bill-clears-senate-committee/>] , sponsored by Rep. Kim Moser, will provide a certificate of employability for individuals following success in programs completed while incarcerated. The 2021 General Assembly also adopted a resolution urging state leaders to address the social determinants of substance use disorder recovery [<https://kychamberbottomline.com/2021/03/15/kentucky-general-assembly-adopts-resolutions-urging-state-leaders-to-address-social-determinants-of-substance-use-disorder-recovery/>].

Additionally, to remove barriers for Kentuckians who have made mistakes, the legislature gave final passage to House Bill 126, sponsored by Rep. Ed Massey, which moves Kentucky's felony theft threshold from \$500 to \$1,000.

The legislature also gave final passage to Senate Bill 10, sponsored by Senate President Pro Tem David Givens, which establishes a commission to help ensure policies to address the ongoing struggle the state and nation face when it comes to race and inequality.

Education System Changes

Legislation to change the pension plan for future teachers in Kentucky received final passage on Tuesday [<https://kychamberbottomline.com/2021/03/15/changes-could-be-coming-to-the-pension-system-for-kentuckys-teachers/>] , creating a new tier in the Kentucky Teachers' Retirement System for any newly hired teachers in the state. The new tier includes a partially defined benefit plan, like the existing pension plan, and part defined contribution plan, more like a 401(k).

To bring balance and stability to the Kentucky Board of Education, House Bill 178, sponsored by Rep. Steve Sheldon, requires board appointments to reflect equal gender representation and proportionally reflect the Commonwealth's political affiliation and minority racial composition. The now bill awaits final passage.

Other Updates

As the 2021 General Assembly breaks for the veto period, there are two legislative days remaining to address the business community's top priority—transportation investment.

Another bill that did not pass before the veto break is Senate Bill 5, which would have given COVID-19 liability protections for essential service providers and premises. The bill was amended in House committee late on Tuesday but failed to get a vote on the House floor. The bill was a critical priority for the business community and 60 other groups.

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KEY BILLS

COMPETITIVENESS

- **LEGISLATIVE CALENDAR** (HB 4 [<https://apps.legislature.ky.gov/record/21rs/hb4.html>]) Eliminates existing dates by which the General Assembly must adjourn in any regular session and gives legislature the authority to extend the length of its legislative sessions by up to 10 days upon the vote of a 3/5 majority. Delivered to Secretary of State.
- **RECOVERY READY COMMUNITIES** (HB 7 [<https://apps.legislature.ky.gov/record/21rs/hb7.html>]) Establishes an advisory council to develop a framework for a Recovery Ready Community certification in response to substance use disorders. Delivered to Governor.
- **RETIREMENT SYSTEM CALCULATION** (HB 8 [<https://apps.legislature.ky.gov/record/21rs/hb8.html>]) Changes the Kentucky Employees Retirement System's nonhazardous unfunded liability payment from a value that is paid as a percent of pay on each employee to a set dollar amount (level dollar). Delivered to Governor.
- **EXEMPTIONS FOR DISASTER RESPONSE EMPLOYEES** (HB 84 [<https://apps.legislature.ky.gov/record/21rs/hb84.html>]) Provides tax relief for disaster response employees and disaster response entities. Signed by Governor.
- **FELONY THEFT** (HB 126 [<https://apps.legislature.ky.gov/record/21rs/hb126.html>]) Increases the felony theft/fraud thresholds to \$1,000. Delivered to Governor.
- **EXECUTIVE BUDGET** (HB 192 [<https://apps.legislature.ky.gov/record/21rs/hb192.html>]) Executive branch budget. Delivered to Governor.
- **KYTC BUDGET** (HB 193 [<https://apps.legislature.ky.gov/record/21rs/hb193.html>]) Transportation Cabinet budget. Free Conference Committee formed. Awaits final passage.
- **LEGISLATIVE BRANCH BUDGET** (HB 194 [<https://apps.legislature.ky.gov/record/21rs/hb194.html>]) Legislative branch budget. Free conference committee formed. Delivered to Governor.

- JUDICIAL BRANCH BUDGET (HB 195 [<https://apps.legislature.ky.gov/record/21rs/hb195.html>]) Judicial branch budget. Delivered to Governor.
- ADOPTION LEAVE (HB 210 [<https://apps.legislature.ky.gov/record/21rs/hb210.html>]) Requires employers that provide leave for birth parents to provide the same leave for an adoptive parent. Delivered to Governor.
- CHILD AND MATERNAL REPORTING (HB 212 [<https://apps.legislature.ky.gov/record/21rs/hb212.html>]) Requires the child and maternal fatality annual report to include a demographic analysis by race, income, and geography. Delivered to Governor.
- TEACHERS RETIREMENT REFORM (HB 258 [<https://apps.legislature.ky.gov/record/21rs/hb258.html>]) Reforms the teachers' retirement system to include a combination of a defined benefit and supplemental benefit for new members after Jan. 1, 2022. Delivered to Governor.
- PPP TAX DEDUCTION (HB 278 [<https://apps.legislature.ky.gov/record/21rs/hb278.html>]) Conforms with federal law to allow deductions paid with proceeds from a forgiven loan under the Paycheck Protection Program. Signed by Governor.
- BROADBAND (HB 348 [<https://apps.legislature.ky.gov/record/21rs/hb348.html>]) Creates the Office of Innovation in the Department of Agriculture to oversee the broadband deployment fund. Recommitted to House Appropriations and Revenue Committee.
- DATA CENTERS (HB 372 [<https://apps.legislature.ky.gov/record/21rs/hb372.html>]) Establishes a data center tax credit. Passed Senate, awaits concurrence in the House.
- FLAGRANT NONSUPPORT (HB 402 [<https://apps.legislature.ky.gov/record/21rs/hb402.html>]) Increases the amount qualifying for flagrant nonsupport from \$1,000 to \$5,000. Delivered to Governor.
- UNEMPLOYMENT INSURANCE (HB 413 [<https://apps.legislature.ky.gov/record/21rs/hb413.html>]) Suspends taxable wage base and holds the 2020 tax schedule for 2021 and 2022 and requires all benefits paid due to a declared emergency come from a pooled account and not individual employers reserve accounts. Delivered to Governor.
- OSHA RULES (HB 475 [<https://apps.legislature.ky.gov/record/21rs/hb475.html>]) Requires state Occupational Safety and Health regulations be no more stringent than the corresponding federal rule. Delivered to Governor.
- CERTIFICATE OF EMPLOYABILITY (HB 497 [<https://apps.legislature.ky.gov/record/21rs/hb497.html>]) Creates a Certificate of Employability for those who are incarcerated that acquire certain education credits and meet other eligibility requirements. Passed Senate, awaits concurrence in the House.
- FALSE CLAIMS ACT (HB 553 [<https://apps.legislature.ky.gov/record/21rs/hb553.html>]) Amended significantly to now only pertain to penalties for UI fraud. Assigned to Senate Judiciary Committee.
- TRANSPORTATION REVENUE (HB 561 [<https://apps.legislature.ky.gov/record/21rs/hb561.html>]) Creates meaningful new revenue to improve Kentucky's roads and bridges and establishes a multi-modal transportation fund. Assigned to House Appropriations & Revenue Committee.
- TAX CREDIT SUNSETS (HB 575 [<https://apps.legislature.ky.gov/record/21rs/hb575.html>]) Eliminates various tax credits. Assigned to House Appropriation and Revenue Committee.
- WEST END DEVELOPMENT (HB 587 [<https://apps.legislature.ky.gov/record/21rs/hb587.html>] /588 [<https://apps.legislature.ky.gov/record/21rs/hb588.html>] ; SB 100 [<https://apps.legislature.ky.gov/record/21rs/sb100.html>] /125 [<https://apps.legislature.ky.gov/record/21rs/sb125.html>]) Establishes the West End Opportunity Partnership that offers investment and economic solutions to Louisville's West End neighborhoods. HB 587/588-Returned to House Appropriations and Revenue Committee. SB 100 Introduced in Senate; SB 125 Assigned to Senate Appropriation and Revenue Committee.
- LIABILITY PROTECTIONS DURING A DECLARED EMERGENCY (SB 5 [<https://apps.legislature.ky.gov/record/21rs/sb5.html>]) Provides liability protection for owners of

premises during a declared emergency and provides governmental immunity for those providing essential services during an emergency. Passed House Judiciary Committee with amendments.

- UNEMPLOYMENT INSURANCE BENEFITS (SB 7 [<https://apps.legislature.ky.gov/record/21rs/sb7.html>]) adds language to set waiver of overpayment criteria, allocation of CARES Act money, waiver application deadlines, require program integrity provisions, and make an appropriation by allocating CARES money to UI trust fund. Signed by Governor.
- COMMISSION/ COMMITTEE ON RACE (SB 10) [<https://apps.legislature.ky.gov/record/21rs/sb10.html>] Creates a Commission on Race and Access to Opportunity. Delivered to Governor.
- JUVENILE JUSTICE (SB 36 [<https://apps.legislature.ky.gov/record/21rs/sb36.html>]) Returns discretion to local prosecutors and local judges in local communities, instead of creating automatic transfers of minors in certain cases from District to Circuit Court. Attached to SB 32 [<https://apps.legislature.ky.gov/record/21rs/sb32.html>] and delivered to Governor.
- ALCOHOL TAKEOUT AND DELIVERY (SB 67 [<https://apps.legislature.ky.gov/record/21rs/sb67.html>]) Allow alcohol to be purchased to go or for delivery in conjunction with a meal. Signed by Governor.
- DISTILLING LICENSING (SB 68 [<https://apps.legislature.ky.gov/record/21rs/sb68.html>]) Makes changes to distilling licenses. Signed by Governor.
- BLIGHTED PROPERTY (SB 105 [<https://apps.legislature.ky.gov/record/21rs/sb105.html>]) Makes changes related to rehabilitation of an abandoned or blighted property. Delivered to Governor.

EDUCATION

- KENTUCKY EDUCATIONAL EXCELLENCE SCHOLARSHIP (HB 25 [<https://apps.legislature.ky.gov/record/21rs/hb25.html>]) Removes the requirement that an eligible high school student and eligible postsecondary student not be a convicted felon for KEES eligibility purposes. Passed Senate Education Committee.
- KENTUCKY BOARD OF EDUCATION (HB 178) [<https://apps.legislature.ky.gov/record/21rs/hb178.html>] Requires the same representation of political parties and racial diversity as the state's university boards on the state board of education and prevents the board from being reorganized every four years after an election. Awaits final passage.
- FAFSA REQUIREMENT (HB 253 [<https://apps.legislature.ky.gov/record/21rs/hb253.html>]) Makes completion of the FAFSA a high school graduation requirement. Awaits passage on House floor.
- EARLY ENTRY INITIATIVE (HB 271) [<https://apps.legislature.ky.gov/record/21rs/hb271.html>] Pilot program to increase national board-certified teachers. HB 271 Awaits passage on House Floor.
- EXPAND KENTUCKY EDUCATIONAL EXCELLENCE SCHOLARSHIP (HB 338) [<https://apps.legislature.ky.gov/record/21rs/hb338.html>] Expand KEES eligible institutions in Kentucky. In Senate Education Committee.
- DUAL CREDIT SCHOLARSHIPS (HB 383 [<https://apps.legislature.ky.gov/record/21rs/hb383.html>]) Adds two career and technical education courses per year to the Dual Credit Scholarship. Recommitted to Appropriations and Revenue Committee.
- EARLY LITERACY (SB 115 [<https://apps.legislature.ky.gov/record/21rs/sb115.html>]) Expands evidence-based reading intervention supports to help ensure grade-level literacy before a student reaches fourth grade. Received in House.
- SUPERINTENDENT SCREENING (SB 77 [<https://apps.legislature.ky.gov/record/21rs/sb77.html>]) Require greater minority representation on a screening committee in a school district with a minority student population of 50% or greater. Awaits passage on House floor.
- FUNDING FORMULA (SB 135 [<https://apps.legislature.ky.gov/record/21rs/sb135.html>]) Adjusts the parameters used for postsecondary education performance-based funding model. Signed by Governor.
- CHILD CARE (SB 148 [<https://apps.legislature.ky.gov/record/21rs/sb148.html>]) Restricts regulations local governments can impose on certified family child care homes. Prescribes what regulations the

Cabinet for Health and Family Services may promulgate regarding child care centers during an emergency. Delivered to the Governor.

HEALTH CARE

- MENTAL HEALTH PARITY REQUIREMENTS (HB 50 [<https://apps.legislature.ky.gov/record/21rs/hb50.html>]) Defines "classification of benefits" and "nonquantitative treatment limitation" and modifies mental health parity requirements by requiring parity coverage for nonquantitative treatment limitations and medical necessity criteria. Signed by Governor.
- EXEMPTIONS FOR DISASTER RESPONSE BUSINESSES AND EMPLOYEES (HB 84 [<https://apps.legislature.ky.gov/record/21rs/hb84.html>]) Provides exemptions for disaster response employees and disaster response entities from income tax beginning on or after January 1, 2021, and before January 1, 2025. Signed by Governor.
- CAP ON COST-SHARING REQUIREMENTS FOR PRESCRIPTION INSULIN (HB 95 [<https://apps.legislature.ky.gov/record/21rs/hb95.html>]) cap the cost-sharing requirements for prescription insulin at \$30 per 30 day supply; amend statutes to require the Kentucky Employee Health Plan to comply. Delivered to Governor.
- TELEHEALTH (HB 140 [<https://apps.legislature.ky.gov/record/21rs/hb140.html>]) Establishes minimum standards for telehealth under the Cabinet for Health and Family Services (CHFS); reestablishes requirement of CHFS and MCO's to study the impact of telehealth on the state's health care delivery system; prohibits certain practices in telehealth. Delivered to Governor.
- PHARMACY BENEFITS IN THE MEDICAID PROGRAM (HB 222 [<https://apps.legislature.ky.gov/record/21rs/hb222.html>]) Requires the Department for Medicaid Services to contract with an independent entity to monitor all Medicaid pharmacy benefit claims; establish eligibility requirements for an entity seeking to contract with the department to monitor pharmacy benefit claims; establish requirements for analyzing and monitoring claims. Assigned to Senate Health and Welfare Committee.
- VACCINATIONS: (SB 8 [<https://apps.legislature.ky.gov/record/21rs/sb8.html>]) Provides exemptions from mandatory vaccines based on conscientiously held beliefs. Delivered to Governor.
- MENTAL HEALTH TREATMENT (SB 21 [<https://apps.legislature.ky.gov/record/21rs/sb21.html>]) Permits voluntary transport to a hospital or psychiatric facility with authorization of the originating and receiving hospital or facility and a patient's signed written agreement to be voluntarily transported and to not be physically removed during transport. Signed by Governor.
- SURGICAL SMOKE (SB 38 [<https://apps.legislature.ky.gov/record/21rs/sb38.html>]) Directs the Cabinet for Health and Family Services to promulgate administrative regulations requiring the use of a smoke evacuation system during any surgical procedure that is likely to produce surgical smoke. Delivered to Governor.
- INSURANCE PREMIUMS (SB 44 [<https://apps.legislature.ky.gov/record/21rs/sb44.html>]) Requires health benefit plans to accept, and count towards the insured's contributions, premium, and cost-sharing payments made on behalf of an insured from state or federal government programs, Indian or tribal organizations, and certain tax-exempt organizations. Delivered to Governor.
- PRESCRIPTION DRUGS (SB 45 [<https://apps.legislature.ky.gov/record/21rs/sb45.html>]) Redefines "cost-sharing" and define "generic alternative," "health plan," "insured," and "person"; prohibit an insurer or pharmacy benefit manager from excluding any cost-sharing amount paid by or on behalf of an insured when calculating the insured's contribution to any applicable cost-sharing requirement. Delivered to Governor.
- ADDICTION TREATMENT (SB 51 [<https://apps.legislature.ky.gov/record/21rs/sb51.html>]) Prohibit insurers from requiring or using certain utilization reviews for certain prescription drugs used to treat

alcohol or opioid use disorder; require insurers to report the number and type of providers prescribing medication for addiction treatment. Awaits passage on House floor.

- COPAYMENTS BY MEDICAL ASSISTANCE RECIPIENTS (SB 55 [<https://apps.legislature.ky.gov/record/21rs/sb55.html>]) Prohibits the cabinet or a managed care organization contracted to provide services from instituting copayments, cost-sharing, or similar charges to be paid by any medical assistance recipients, their spouses, or parents, for any assistance provided pursuant KRS Chapter 205, federal law, or any federal Medicaid waiver. Delivered to Governor.
- MEDICAID MANAGED CARE CONTRACTS (SB 56 [<https://apps.legislature.ky.gov/record/21rs/sb56.html>]) Limits the number of state-managed care organization (MCO) contracts to operate the Medicaid program to three. Assigned to House Health and Family Services Committee.
- DIRECT CARE STAFF (SB 61 [<https://apps.legislature.ky.gov/record/21rs/sb61.html>]) Defines "direct-care staff member," "Facilities or programs," and "recipient;" requires direct-care staff who provide care for a client with Alzheimer's or another form of dementia within the client's home to receive initial and ongoing training that is approved by the Cabinet for Health and Family Services. Delivered to Governor.
- PNEUMOCONIOSIS FUND (SB 141 [<https://apps.legislature.ky.gov/record/21rs/sb141.html>]) Provides guidelines for distribution of funds remaining in the Kentucky coal workers' pneumoconiosis fund. Signed by Governor.

ENERGY AND ENVIRONMENT

- UTILITY SERVICE (HB 207 [<https://apps.legislature.ky.gov/record/21rs/hb207.html>]) Prohibits a local government entity from taking action that has the purpose or effect of impairing a consumer's ability to use a utility service. Delivered to Governor.
- UNDERGROUND UTILITIES (HB 303 [<https://apps.legislature.ky.gov/record/21rs/hb303.html>]) Increases public safety by protecting underground utility facilities. Delivered to Governor.
- MIXING ZONES (HB 386 [<https://apps.legislature.ky.gov/record/21rs/hb386.html>]) requires that mixing zones for bioaccumulative chemicals of concern established on or before September 8, 2004, remain in effect until explicitly extinguished by the Energy and Environment Cabinet. Delivered to Governor.
- UTILITY ACQUISITION (HB 465 [<https://apps.legislature.ky.gov/record/21rs/hb465.html>]) Bolsters existing precedent to provide a local option for addressing water and wastewater challenges through partnership with the private sector. Passed Senate Natural Resources & Energy Committee with amendments.
- STREAM AND WETLAND MITIGATION (SB 261 [<https://apps.legislature.ky.gov/record/21rs/sb261.html>]) Establishes a study to address the significant and growing mitigation liabilities in the fee-in-lieu of program. Received in House.
- UNDERGROUND UTILITY (SB 172 [<https://apps.legislature.ky.gov/record/21rs/sb172.html>]) Includes exempted activities in the process of ceasing operations when damage occurs to an underground facility and notification of appropriate authorities. Delivered to Governor.