



The 2018 Legislative Session has come to an end in Kentucky. This session 887 bills were filed, 272 in the Senate and 615 in the House. The HBAK, in concert with local HBA's, reviewed and acted on many pieces of legislation that impacted the housing & building industry, small business and property rights in Kentucky.

A partial list of bills that passed and failed this year by the General Assembly and impacting the housing & building industry include measures on the following topics:

TOP ISSUES:

[TO READ EACH BILL AND REVIEW THE VOTE HISTORY—CLICK THE BILL NUMBER IN EACH DESCRIPTION](#)

HB 100, AMENDMENT TO THE NATIONAL ELECTRICAL CODE (NEC) - **PASSED**

HBAK offered a [Senate Committee Substitute](#) to [HB 100](#) sponsored by Rep. Lynn Bechler that simply allows for the Kentucky Department of Housing, Buildings and Construction to review and consider amendments to the National Electric Code. This brings the National Electric Code in line with all the other Building Codes in the Commonwealth.

The permissive language in the Committee Substitute simply states after the words “the National Electric Code which may include Kentucky amendments”.

Currently the Department of Housing Buildings and Construction reviews and amends the following codes: International Building Code, International Residential Building Code, Kentucky Plumbing Code, International Energy Code.

This legislation will now allow the discussion of issues and concerns regarding arc fault interrupters.

SB 117, UNDERGROUND FACILITY PROTECTION / 811 - **FAILED**

[SB 117](#), provided incentives for Kentucky's Utilities to join the 811 Call Before You Dig Program, so that when excavators dig, they can be assured that all the utility lines in the area are identified and marked to prevent needless loss of connections for Kentucky's utility customers.

Kentucky is one of only two states in which all the Utilities have not joined the 811 Program. The 811 Program bills itself as a one stop shop, where excavators can just make one call and get all underground utilities marked.

Although this legislation failed, the HBAK will continue to work on this HBAK Leadership priority. It is time to make the State Mandated 811 Program mean something. Senate Bill 117 will go a long way to provide a one stop shop for all who excavate in Kentucky.

Sen. Paul Hornback, pictured right was the lead sponsor on SB 117.



HB 2, WORKERS' COMPENSATION MODERNIZATION - PASSED

[HB 2](#), sponsored by Rep. Adam Koenig, makes necessary improvements to Kentucky's workers' compensation system that provides better care for injured workers and more affordable costs for Kentucky businesses. No significant changes had been made since 1996 and it was critical that workers' compensation laws be updated to improve Kentucky's business climate.

Some of the key benefits of HB 2 include:

- Stops dramatic increases of workers compensation insurance premiums.
- Encourages employers to bring worker's back to work quickly.
- Sets appropriate limits on filing claims on injuries identified years after exposure.

HB 314, KY OSHA & BERYLLIUM - PASSED

[HB 314](#), sponsored by Rep. James Tipton is a critical piece of legislation to the construction industry. The legislation would allow the Secretary of the Labor Cabinet, through an administrative order, to suspend or delay the enforcement of a regulation that was automatically adopted by Kentucky OSHA if Federal OSHA delays or suspends the corresponding federal regulation.



Why is this important? Within the last year, at least three regulations, OSHA's "silica dust" rule, the "derrick and crane" rule and the "beryllium" rule were issued as "midnight" regulations in late 2016 and January 2017 during the transition of administrations on a Federal Level. Due to Kentucky's existing law, both rules were automatically adopted by Kentucky OSHA in 2017 - despite OSHA working on significant changes for both rules. Most Kentucky employers do not realize beryllium is present in their workplaces, or they're potentially impacted by the rule.

Thanks to this legislation, Secretary Ramsey of the Kentucky Labor Cabinet created an administrative order that delays enforcement of the Final Rule on Occupational Exposure to Beryllium to be consistent with recent actions taken by OSHA.

HB 3, ESSENTIAL SKILLS - PASSED

[HB 3](#), sponsored by House Majority Leader Jonathan Shell identifies and defines the Essential Skills that Kentucky Students need to succeed in the workplace and brings education and business together to provide best practices and resources to schools who want assistance in essential skills programming.

Essential skills programming will include personal responsibility, attendance, academic performance and persistence, among other standards.

HB 247, KEES FUNDING - FAILED

[HB 247](#), sponsored by Rep. James Tipton allows students to use KEES funding to pay for dual-credit college classes taken in high school and technical workforce education classes which includes skilled trade programs (HVAC, electrical, plumbing, etc.).

This legislation would have included programs provided by the Enzweiler Building Institute (BIA of Northern KY) and the Building Institute of Central KY (BIA of Central KY that services Lexington & surrounding areas).

KEY ISSUES:

TO READ EACH BILL AND REVIEW THE VOTE HISTORY—CLICK THE BILL NUMBER IN EACH DESCRIPTION

HB 217, HOME INSPECTIONS - **FAILED**

[HB 217](#), sponsored by Rep. Kevin Bratcher would require home inspectors be granted access to ALL areas of a home when conducting an inspection. If access was denied a fine of up to \$500 could be imposed to the homeowner.

HB 252, UNEMPLOYMENT INSURANCE - **PASSED**

[HB 252](#), sponsored Rep. Jim DeCesare changes Kentucky's unemployment insurance policy by limiting how long workers can receive benefits. This legislation allows Kentucky to be more competitive with the surrounding states while lowering unemployment insurance rates for current business owners.

HB 366 – STATE TAX REFORM & ITS IMPACT ON THE BUILDING INDUSTRY - **PASSED**

[HB 366](#), is the state tax revenue measure that includes tax reform. Please refer to the one-pager on [page 5](#) for details on state tax reform and its impact on the building industry.

HB 370, PROPERTY REDEVELOPMENT - **PASSED**

[HB 370](#), sponsored by Robby Mills updates the state's brownfields statute to make the program more accessible and easier for property cleanup.

HB 435, REAL ESTATE TRANSACTIONS - **FAILED**

[HB 435](#), sponsored by Rep. James Tipton would have required a seller's disclosure form for ALL real estate transactions residential single-family, multi-family, vacant land and commercial properties. This would also remove the exemption for NEW CONSTRUCTION!

HB 489, INSURER'S LOSS RUN STATEMENTS – **FAILED**

[HB 489](#), sponsored Rep. Jeff Greer would reduce the period for loss run statements from 5 years to 3 years and prohibit the inclusion of any reference to loss reserves for claims prior to the 3 year period that the statement covers.

This legislation would address and assist with many liability insurance issues faced by small businesses in Kentucky.



HB 513, WASTEWATER TREATMENT PLANTS & WASTEWATER INTER-LOCAL AGREEMENTS - **PASSED**

[HB 513](#), sponsored by Rep. James Tipton requires privately owned small wastewater treatment plant owners to secure financial or performance measures (insurance policy, surety bonds, etc.). This addresses the privately-owned wastewater treatment plants like the one that failed in Bullitt County.

HB 513 included a [senate floor amendment](#) introduced by Sen. Joe Bowen that includes the original language from SB 151 which is another tool to address failing systems and promote regionalization in Kentucky. This language gives utilities like Louisville MSD the ability to own assets outside of its boundary.

HB 609, FUNDING OF TRANSPORTATION - **FAILED**

[HB 609](#), sponsored by Rep. Sal Santoro is legislation based upon an interim working group on transportation recommendations. This legislation was supported by the KY Infrastructure Coalition which is made up of engineers, manufacturers, farmers, builders, etc. HB 609 would increase the gas tax to \$.10 and establishes a multi-modal fund.

SB 78, ELECTRICAL LICENSURE - **PASSED**

[SB 78](#), sponsored by Sen. Whitney Westerfield creates a diverse career path for electrical licensure. Students are required to complete a four-year approved education program but would be able to test for residential licensure after two years of training. SB 78 also creates a non-renewable one-year provisional electrical license for an individual with six years of verifiable experience in the electrical trade.

SB 160, SALE OF CONSUMER GOODS DURING A STATE OF EMERGENCY - **PASSED**



[SB 160](#), sponsored by Sen. Rick Girdler modernizes the statute which prohibits “grossly excessive” price increases by sellers of goods (including building materials) and services during a state of emergency declared by the Governor.

SB 203, PUBLIC-PRIVATE PARTNERSHIPS (P3) - **PASSED**

[SB 203](#), sponsored Sen. Max Wise simplifies the way public-private partnerships are approved in the state. SB 203, P3 legislation that removed the requirement for agencies to receive full legislative approval for all P3 projects with a value of at least \$25 million. P3 advocates had sought the change due to agencies’ inability to move forward significant projects that are proposed between legislative sessions.

Under the state’s original P3 law, P3 opportunities that arose when the Kentucky General Assembly wasn’t in session could not begin the RFP process until they were presented and approved in a bill in the legislature.

SB 207, CAUSES OF ACTIONS FOR BUILDING CODE VIOLATIONS - **FAILED**

[SB 207](#), sponsored Sen. Stephen Meredith would allow a court award under the Uniform Building Code to include attorney’s fees if a certificate of occupancy has not been issued. This revision would remove the incentive to litigate.

SB 252, RADON – **FAILED**

Although [SB 252](#) refers to making a “technical correction” it is the understanding of the HBAK that the goal was to require a Radon Gas disclosure form for all real estate transactions. This would also include a Radon Gas disclosure form and testing for rental property.

Although, no official legislation was filed, the HBAK will continue to monitor this issue.



HB 366 – STATE TAX REFORM & ITS IMPACT ON THE BUILDING INDUSTRY

[HB 366](#), is the state tax revenue measure that includes tax reform.

What does tax reform mean or what is in HB 366 (Tax Reform Legislation)?

1. The Personal and Corporate income tax rates are lowered to 5% from 5.8% and 6% respectively
2. Adds a 50 cent per pack tax on cigarettes
3. Eliminates all deductions except for charitable giving and Mortgage Interest Deduction
4. Taxes some services including:
 - Landscaping – Lawn care, tree trimming landscape design and snow removal
 - Janitorial – Residential and Commercial Cleaning, carpet, upholstery and window cleaning
 - Small Animal Veterinarian services
 - Pet Care – Grooming and Boarding
 - Dry Cleaning
 - Linen Supply – including uniforms
 - Tanning Beds
 - Non-Medical Diet and Weight Loss Services
 - Limo Services
 - Extended Warranty Services
5. Other miscellaneous areas

Does HB 366 affect the construction or housing industries?

HB 366 specifically mentions that the tax on services will be for **tangible personal property or digital property**. Therefore, we assume and have been told that real property is not affected.

Although new construction and remodeling are not affected, consumer repairs will be taxed. As it was explained to us, if an HVAC Contractor comes out to a home and installs a new unit, there will be no tax on the services. However, if that same HVAC Contractor comes out to a home and replaces a part on the HVAC unit, then there will be a tax on those services.

We will be working closely with the Revenue Cabinet and the Governor's office on the regulations that will be drafted that will spell out how this tax reform measure will be implemented. We need to make sure that the regulations follow the legislative intent. We will be sharing additional information on HB 366 and its impact on our membership in the coming days.

THANK YOU!

The success of industry priorities, is due to the advocacy of HBAK members. In addition, to the more than 75 members who participated in HBAK's Housing & Building Industry Day at the Capitol, HBAK members sent emails and made many phone calls to legislators asking for their support of bills important to members, consumers and property owners. Your grassroots advocacy was critical to the legislative process this year.

Various bills have already been signed by Governor Matt Bevin. Most new laws – those that come from legislation that don't contain emergency clauses or different specified effective dates, will go into effect in late June. That means mid-July is when a new batch of laws will start having an impact across the Commonwealth.

The HBAK represents over 5300 members and is committed to the continuous development of a proactive relationship with local and state leaders to be an advocate for the housing & building industry. The HBAK will continue to promote policies that make housing a local and state priority.

HBAK's legislative Committee will meet on June 21st in Louisville, KY to continue discussing and planning advocacy for the Association. If you have any issues you'd like to be considered, please contact HBAK.

