

**2008
REGULAR SESSION**

Scorecard @ Feb 1
(18/60 days)

	Senate	House
# bills filed	133	445
# resolutions filed	93	93
# bills passed 1 chamber	18	31
# bills passed both chambers	0	0
# bills into law	0	0
# bills vetoed	0	0

LRC Contact Numbers

Mtg info	800/633-9650
Legislators msg	800/372-7181
TTY msg	800/896-0305
En Espanola	866/840-6574
LRC web	www.lrc.ky.gov

Key Session Dates

Jan 8	Session convenes
Feb 25	Last day to have a new bill drafted
Mar 3	Last day to file House bills
Mar 5	Last day to file Senate bills
Mar 28 & 31	Concurrence days
Apr 1 - 11	Veto days (GA not in session)
Apr 15	Session adjourns

The budget battle began last week soon after Governor Steve Beshear gave his *Budget Address* to the GA by confirming the state will have significantly less revenues in FY08-10, and proposed to balance the budget with spending cuts to most agencies and no tax increases. His primary focus was to preserve funding levels to K-12 education and health care, especially the Medicaid program. He proposed spending cuts in higher education, economic development, public safety and general government, among others. On the positive side, he seeks to restore numerous capital projects that were approved in the last budget but vetoed last year plus a few new projects.

He ended his address with a pitch for casino gaming and promised to work with legislators to finalize the budget. Democratic reaction was generally supportive, although many indicated changes were likely in the committee process. Republican reaction was much the same although Senate President David Williams (R-Burkesville) expressed surprise and disappointment the state pension shortfall problem wasn't addressed. Gov. Beshear said he would offer a separate bill on state pension reform.

Lurking in the background is a growing support for tax increases to offset some budget cuts. Both the House and Senate are now talking about the need for a *cigarette tax increase*. On Friday, Rep. David Watkins (D-Henderson) filed **HB 443** to raise cigarette taxes by 70 cents to \$1/pack. Both House Speaker Jody Richards (D-Bowling Green) and House Appropriation and Revenue Cmte chair Rep, Harry Moberly (D-Richmond) have stated that *other tax measures are also in the works*. This could also be an opening for casino gaming.

While other states will be involved with the presidential primaries tomorrow on Super Tuesday, we have *3 special elections to fill vacant GA seats*. Voters in House Districts 6 and 95 and Senate District 30 will decide who will represent them for the remainder of this session. The Senate race, between current and former House Representatives, is getting the most political attention and support from Frankfort. Gov. Beshear has campaigned in the District to the dismay of Frankfort Republicans, and Sen. Williams has said he wants an investigation of political threats by the administration if county officials did not support the Democratic candidate.

Telecom Issues

The House A&R Committee has not posted **HB 257**, the new state school tax on utility services. Several major utilities now believe that the new tax can be placed on the customers' bill as a surcharge as the bill is currently written.

Rep. Jim Glenn (D-Owensboro) has filed **HJR 88** to have the LRC study the funding of local 911 emergency call centers (PSAPs). Many telecom interests support the study because of the growing difference in wireline and wireless fees.

The PSC may seek a meeting with utilities on **HB 337**, the bill to increase the PSC penalty levels. Utilities have expressed concerns with the amount of the increase and other provisions which are viewed as too punitive. The bill has not been posted in the House Tourism Development and Energy Committee.

ConnectKentucky has decided not to seek tax incentive legislation as a means promoting broadband deployment in the most rural areas. The budget situation was the primary reason cited by the organization's officials.

Ins & Outs

It is a given that every new Governor reorganizes state agencies to make state government less expensive and more efficient. Gov. Beshear started his efforts last week with **HB 424** to reorganize the Economic Development Cabinet. *Look for*

more reorganization bills to be filed, including some major ones involving the Finance and Administration and Environmental and Public Protection Cabinets.

Even with the budget woes, bills are still being filed seeking tax breaks or exemptions from sales, property and income taxes. Just a few examples for sales tax exemptions are straw and hay sales, delivery charges and horse farm purchases. *Do the members really mean it or are they just trying to satisfy constituents?*

Former Governor Wallace Wilkinson still has the best line in describing his budget situation upon taking office. In his 1988 State of the Commonwealth address, he said *the financial situation was miserable ... "we're broke, busted, tapped out"*.

The states 8 public universities and the community and technical college system reported record attendance for the 2007 fall term with almost 213,000 students enrolled, a 3.2 % increase. *Distance learning students increased even more -- 8% at the universities and 19% at the community and technical colleges.*

President Bush gave his final "State of the Union" Address to Congress last week and will submit his final budget this week. It is expected to show a \$400 billion deficit. *Ever wonder what would happen if Congress had to balance its budget like the states are required to do?*

Senate Bills & Resolutions

SB 7 PUBLIC INFRASTRUCTURE AUTHORITIES

(Williams) – Would allow local governments to establish public infrastructure authorities to build roads and bridges, issue bonds and set tolls. *The local authority would be similar to a mini DOH. [Filed 1/8. Now in Senate Transportation Cmte.]*

SB 106 PSAP EMPLOYEE CLASSIFICATIONS

(Kerr) – Would clarify law that “dispatch communications personnel” is an employee classifications subject to same rights as other local government employee classifications. *[Filed 1/23. Now in Senate State & Local Gov’t.]*

SB 116 PROHIBIT TEXTING WHILE DRIVING

(Angel) – Would prohibit operator from texting while driving and make enforcement a secondary offense. *[Filed 1/28. Now in Senate Judiciary.]*

SR 33 PSC APPOINTMENT

CONFIRMED

(Williams) – Confirm the appointment of Mark David Goss as PSC commissioner and chairman for term ending July 1, 2011. *[Filed 1/16. Senate State & Local Gov’t (S&LG) passed 1/23. Senate adopted 36-0, 1/24.]*

SR 36 PSC APPOINTMENT

(Williams) – Confirm the appointment of Carolyn Clark as PSC commissioner for term ending July 1, 2008. *[Filed 1/16. Senate S&LG passed 1/30. Now in Rules.]*

SJR 76

(Angel) – Directs the EPPC Cabinet to recommend a statewide electronic waste disposal and recycling system by 12/15/08. *[Filed 1/28. Now in Senate Agriculture & Natural Resources.]*

House Bills & Resolutions

HB 26 LIMITED LIABILITY ENTITY FEE

(DeCesare) – Would establish a new \$175 annual fee on corporations and limited liability pass-thru entities. *Exemptions to this new tax include companies exempt under Section 501 of the IRS code. [Filed 1/18. Now in House Appropriations & Revenue (A&R) Cmte.]*

HB 56 MOBILE PHONE RESTRICTIONS

(Burch) – Would restrict use of hand-held wireless communications devices with limited exceptions. *[Filed 1/8. Now in House Transportation.]*

HB 69 PUBLIC SERVICE COMMISSION

(Cherry) – Would expand the Executive Branch Ethics law to include the PSC and its orders, and *extend lobbying restrictions to the PSC. [Filed 1/8. Now posted in House State Government (SG).]*

HB 90 PROHIBIT AUTOMATED CALLING IN ELECTIONS

(Higdon) – Would prohibit use of automated or recorded messages by political parties and create penalties. *[Filed 1/8. Now in House Labor & Industry (L&I).]*

HB 95 HIRING OF UNAUTHORIZED ALIENS

(Nelson & Damron) – Would, among other things, prohibit the hiring of unauthorized aliens and create penalties. *[Filed 1/8. Now in House Judiciary.]*

HB 106 COPPER WIRE THEFTS

(Denham & Combs) – Would expand the reporting requirements of junk dealers for purchases/sales of copper and other “ferrous or nonferrous” metals & materials, transfer of the sale records to local law enforcement, and penalties for non-reporting sales. *[Filed 1/8. Now posted in House Judiciary.]*

HB 125 MOBILE PHONE AND TEXTING RESTRICTIONS

(Stacy) – Would prohibit certain classes of drivers from using “personal telecommunications devices”. *[Filed 1/8. Now in House Transportation.]*

HB 209 UTILITIES SALES TAX EXEMPTION

(Owens) – Would expand the sales tax exemption to sewer, water, & fuel service billed to a multi-unit residential facility or mobile home park owner. *[Filed 1/8. Now in House A&R.]*

HB 212 LEGISLATIVE BRANCH ETHICS

(Cherry) – Would revise and expand the legislative branch code of ethics by restricting acceptable legislators’ and lobbyists activities, restrict campaign donations during elections and expand investigative powers. *[Filed 1/8. Now in House SG.]*

HB 247 UNAUTHORIZED FAX TRANSMISSIONS

(Glenn) – Would prohibit unauthorized fax transmissions, establish procedures and opt-out requirements and create penalties. *[Filed 1/10. House L&I passed 1/31. Now on House floor w/2 floor amendments. FA1 prohibits prerecorded political messages, similar to HB 90.]*

HB 250 EXECUTIVE BRANCH ETHICS

(Cherry & Vincent) – Would overhaul the executive branch code of ethics laws, including definition of public service, appointments to and operation of the EBEC. *[Filed 1/10. House SG passed 1/17. House passed w/2 floor amendments 94-0, 1/30. Now in Senate.]*

HB 257 UTILITY GROSS RECEIPTS TAX FOR SCHOOLS

(Moberly) – Would replace the local utility gross receipts license tax to fund public schools with a new statewide 3% tax, effective 1/1/09. The tax would apply to telecom, cable & satellite, electric, gas & water services. *[Filed 1/10. Now in House A&R.]*

HB 277 BROADCAST TOWERS & ANTENNA PROPERTY TAX EXEMPTION

(Webb et al) – Would clarify that television, radio, telephonic and broadcast equipment, including towers and antenna are exempt from local property local taxes, and add weather equipment to the exemption list. *[Filed 1/10. Now in House A&R.]*

HB 279 COPPER WIRE THEFTS

(Harmon & Simpson) – Would expand the reporting requirements of junk dealers for purchases/sales of copper to “ferrous or nonferrous” metals & materials. See HB 106 for more detailed bill. *[Filed 1/11. Now in House Judiciary.]*

HB 281 HARRASSING COMMUNICATIONS OVER THE INTERNET

(Hoffman) – Would expand “harassing communications” to include actions via the internet or electronic communications, and penalties for multiple offenses. *[Filed 1/11. Now in House Judiciary.]*

HB 304 ILLEGAL IMMIGRATION

(Damron et al) – Would enact several measures to identify and reduce illegal immigrants, including identify theft measures, employment verification measures and expand local law enforcement authority. *Cmte mtgs seeking public comments are being held but no vote is scheduled. [Filed 1/16. Now in House Judiciary.]*

HB 314 EMPLOYMENT RIGHTS OF VETERANS

(Greer et al) – Would establish rights to leave on military duty and re-employment rights on return from service; termed the “Kentucky Uniformed Services Employment and Reemployment Rights Act”. *[Filed 1/16. Now in House Seniors, Military Affairs & Public Safety.]*

HB 323 OMIBUS BILL FOR BUSINESS ENTITIES

(Brinkman) – A general revision to Kentucky business law to reenact and clarify HB 334 passed in 2007, reflect current provisions of the Model Business Corporation Act, and clarify bidding & contracting provisions. *[Filed 1/17. Now in House Judiciary.]*

HB 326 LICENSE TAXES

(Webb) – Would limit license fees imposed by 2nd-5th class cities to 1.5%, and a flat amount in 6th class cities and establishes new tax bases, but exempts any higher local tax already in effect. *The communications providers' exemptions remain. [Filed 1/17. Now in House Local Gov't.]*

HB 337 PSC PENALTIES

(Wilkey) – Would increase the range of penalties for violations of PSC law and regulations, and create a new penalty of up to \$25,000 for violations resulting in serious bodily injury or death. *[Filed 1/22. Now in House Tourism Development & Energy.]*

HB 361 LOCAL SALES AND USE TAX CONSTITUTIONAL AMENDMENT

(Stein) – Would provide for a constitutional amendment in the Nov elections to authorize the GA to impose a sales or use tax and restrictions. *[Filed 1/24. Now in House Elections, Constitutional Amendments and Intergovernmental Affairs.]*

HB 382 COMPARABLE WORTH PAY

(Marzian) – Would prohibit sex-based wage discrimination on jobs of “comparable worth”, and sets out the definition of comparable worth. *[Filed 1/28. Now posted in House L&I.]*

HB 406 EXECUTIVE BRANCH BUDGET

(Moberly et al) – Gov. Beshear’s budget seeks \$18.2 billion to fund state government for FY 2008-10. *The PSC budget proposal is \$16 million, including returning \$4.75M in surplus funds to the state general fund. [Filed 1/29. Now in House A&R.]*

HB 407 LEGISLATIVE BRANCH BUDGET

(Moberly et al) – Legislative branch seeks \$111.5 million to fund the LRC and GA operations for FY 2008-10. *[Filed 1/29. Now in House A&R.]*

HB 408 JUDICIAL BRANCH BUDGET

(Moberly et al) – Judicial branch seeks \$791.5 million to fund the state courts system in FY 2008-10. *[Filed 1/29. Now in House A&R.]*

HB 443 CIGARETTE TAX INCREASE

(Watkins et al) – Would increase the cigarette tax 70 cents to \$1.00/pack and increase the tax rates on other tobacco products too. *[Filed 2/1.]*

HJR 88 PSAP (911 CENTER) FUNDING STUDY

(Greer) – Would require LRC to study funding of local 911 emergency call centers (PSAPs) and report by 12/1/08. *[Filed 1/31. Now in House Local Government]*

Editors Note. This news bulletin is published weekly via email during sessions of the General Assembly for the benefit and information to KTA members and friends. Special issues and Member Alerts will also be published as needed to notify members of significant action or bills affecting members. Contact the KTA office to be added or deleted from the distribution list, or to receive it in a different medium. Each edition will also be available on the KTA web site at www.ktaoffice.org. Questions and comments should be directed to Forest M. Skaggs at 859/223-9001 or forest@ktaoffice.org.