

## **SESSION SUMMARY**

### **2012 Kentucky General Assembly**

#### **Prepared for Members of the Kentucky Restaurant Association For Distribution at April 16, 2012 Board Meeting**

*The two issues that dominated the discussion during the 2012 Session were, as expected, redistricting and the state budget but neither was completely resolved. Before they adjourned for the veto recess, the House and Senate agreed on a spending plan for state government for the next two fiscal years. Although the budget bill appropriates more than \$19 billion, at least one lawmaker has called it "ugly" since it includes cuts in funding for most agencies and scales back on bonding projects that add to the state debt. The legislature did not approve the separate bill that finances the programs and projects within the state Transportation Cabinet before the regular session ended so lawmakers will return to Frankfort today for the start of a special session.*

*Changes in the state's population identified by the 2010 census called for redrawing the six congressional districts and the 138 state legislative districts. Legislation setting new boundaries for the congressional districts was enacted but a lawsuit was filed on the state legislative redistricting plan approved in late January. The Kentucky Supreme Court upheld a lower court's ruling that the newly drawn General Assembly districts were unconstitutional and directed that the 2012 state legislative elections be based on the districts that existed prior to the start of this year's session. All 100 House seats are up for election this year as well as one-half of the Senate's 38 districts. Adjusting state legislative district boundaries to reflect the 2010 census data remains an unresolved issue that lawmakers will have to address.*

*Another issue likely to resurface in the legislative arena is casino gambling. Governor Steve Beshear remains committed to the expansion of gaming at the state's racetracks and a limited number of other venues. He backed legislation introduced by Senator Damon Thayer (R-Georgetown) that would have allowed Kentucky voters to decide the fate of the issue by voting on a proposed amendment to the Kentucky Constitution. The bill was defeated 16-21 when it was considered by the full Senate.*

*The legislature did resolve what was undoubtedly the biggest threat facing the business community when a bill was enacted to ensure payment of the interest due on the debt incurred to pay unemployment benefits. An interest payment is due in September on the loans the state UI program secured from the federal government and the penalty to employers for failure to pay the interest exceeds \$600 million. The legislation that passed sets a plan in place for the interest payment this fall and each year until the loan is repaid.*

*The restaurant industry scored other significant victories with the demise of three bills that were opposed by the Kentucky Restaurant Association. One would have allowed all Kentucky cities to impose a local restaurant tax and use the revenues for a broad range of government services. The other two measures proposed to establish a statewide smoking ban and to require country-of-origin labeling for catfish.*

*The following summary, arranged alphabetically by issue area, provides a narrative regarding the session activity on some of the major issues affecting the*

*business community. The electronic version of the 2012 Session Summary includes links to bills on the legislature's official website so you can easily access the more extensive summaries prepared by legislative staff, as well as review the full text of the legislation and all legislative action on the proposal.*

## ISSUE INDEX

**Alcoholic Beverage Sales Issues;  
Energy, Environment & Growth Issues;  
Food Sales & Service Issues; General Business Issues;  
Health Insurance Issues; Labor & Workforce Issues;  
Regulatory & Consumer Protection Issues; and Revenue & Taxation Issues;**

### **Alcoholic Beverage Sales Issues**

**Restaurant Licensees:** A business holding a restaurant license to sell alcoholic beverages is required to generate at least 50 percent of its revenue from the sale of food. Legislation introduced by Senator John Schickel (R-Union), who chairs the Senate Licensing and Occupations Committee was approved to clarify that the 50 percent requirement applies to food and beverage revenue and not gross receipts. [SB 40](#) also removes an outdated requirement that ABC licensees have a street level entrance and the House added language allowing restaurants in certain historic areas to qualify for a historic site license (*see section below*). The Senate concurred with the House amendment and the bill was signed by Governor Beshear on April 11.

**New License Categories:** With the passage of [SB 40](#), a restaurant located within a commercial district listed in the National Register of Historic Places or in a building listed as a National Historic Landmark will now be eligible for a "qualified historic site" license provided it can seat at least 50 people for food service. This type of license can be authorized by a local option election in the precinct where the business is located rather than a city-wide or county-wide vote. Several restaurants in the city of Midway are reportedly interested in securing this type of license.

Legislative proposals to create new license categories, including a micro-distillery license and a wine bar license, failed to win approval.

**Local Option Elections:** [SB 179](#) proposed to require that local option elections be held on the same day as either the primary or general election rather than being conducted on a different date. Although it cleared the Senate 37-0 in mid-March, the bill died in the House committee to which it was referred.

**Election Day Sales:** Representative Arnold Simpson (D-Covington) tried again this year to open the door for the sale of alcoholic beverages while the polls are open on Election Day. Simpson filed a floor amendment to [SB 40](#) to authorize the local governing body--the fiscal court or city commission--to adopt an ordinance to allow

Election Day sales within its boundaries. After it became clear that his and other floor amendments would likely jeopardize the bill's chances for passage, he withdrew the amendment.

**Wine Carry-In:** Although Maryland joined the list of states that have enacted a “corkage” law through legislative action in 2012, the issue did not arise in this year’s session. House Majority Caucus Chair Bob Damron (D-Nicholasville) remains interested in a change in Kentucky’s law that would authorize, but not require, ABC-licensed restaurants to allow customers to bring in wine and to charge a corkage fee for service. However, he did not introduce either a bill or amendment on the issue in the 2012 General Assembly.

**DUI:** Two bills were introduced this year to impose tougher penalties on persons convicted of driving under the influence but neither was adopted. One proposal would have allowed judges to require first-time offenders to install an ignition interlock device on their vehicles. The other lengthened the "look back" provision to determine if a charge is a repeat offense and restructured the existing penalties for DUI offenses.

## **Energy, Environment & Growth Issues**

**Renewable Energy Portfolio:** Creation of a Renewable Energy Portfolio Standard in Kentucky was again proposed with the introduction of [HB 167](#). No action was taken on the bill which would have required that a portion of the electricity generated or purchased by Kentucky utilities be renewable energy. The minimum percentage set out in the bill was 2.25 percent in 2014 with the renewable requirement increasing to 12.5 percent in 2022. [HB 167](#) specifically authorized utilities to recover any additional costs they incur because of the proposed renewable standard but left it to the Public Service Commission to determine the cost recovery methodology. Previous proposals have exempted industrial users from the cost recovery provisions which would leave commercial and residential customers bearing all the increased costs.

**Brownfields:** Lawmakers in both chambers gave their stamp of approval to [HB 465](#) and the "brownfields" bill has been signed by Governor Beshear. The legislation encourages redevelopment of property on which a spill has occurred or other environmental issues have arisen. The bill, sponsored by Representative Fred Nesler (D-Mayfield), releases property owners from liability for environmental damage that took place before they purchased the property. Under its provisions, new owners are required to meet certain conditions, including certification that any future use of the property would not increase the impact of the release. The measure also clarifies that the owner of a piece of property who does not also own an underground petroleum storage tank located on the property is not responsible for any release from the tank.

Another House bill ([HB 513](#)) proposed an income tax credit for a portion of the costs incurred for environmental remediation of a building that had been used for industrial purposes. This bill too was designed to encourage renovation and reuse but it failed to win approval in the House Natural Resources and Environment Committee.

## **Food Sales & Service Issues**

**Local Restaurant Tax:** The Kentucky League of Cities (KLC) continues to pursue passage of legislation to permit every city in the state to levy a local restaurant tax and to give city officials broad discretion in the use of the tax revenues. In early February, [HB 368](#) was introduced and then referred to the House Appropriations & Revenue Committee where it remained at the end of the session. The bill was sponsored in large measure by House members who were not seeking reelection,

The bill proposed to expand the authority for a local restaurant tax well beyond the current law which permits only cities of the 4<sup>th</sup> and 5<sup>th</sup> class to levy the tax and restricts use of the proceeds to expenditures for tourism promotion and development. The provisions of [HB 368](#) would have paved the way for a 50 percent increase in the taxes paid on most prepared food and beverages sold in restaurants and grocery delis by permitting every Kentucky city as well as the local governing bodies in Lexington and Louisville to impose a local tax of up to three percent on top of the current six percent sales tax. The bill would also remove the limits on use of the restaurant tax revenues by directing that 25 percent would be earmarked for tourist and convention commissions while allowing cities to keep 75 percent of the money for "quality of life" expenditures.

A scaled back version of the KLC initiative was introduced as [HB 445](#) by Representative Rick Nelson (D-Middlesboro). The bill did not propose expanding the taxing authority to more cities but it included a change in the current law to allow cities to keep 75 percent of the revenues for their General Funds. Only 25 percent of the money would be turned over to the local tourist and convention bureaus. [HB 445](#) also died in the House Appropriations and Revenue Committee.

**Catfish Labeling:** A bill requiring country-of-origin labeling for catfish sold by restaurants and other retailers drew lots of attention during the 2012 Session but failed to win final passage. [HB 115](#) was introduced by Representative Fred Nesler (D-Mayfield) and was a topic of discussion at three separate meetings of the House Agriculture and Small Business Committee. The bill mandated that retail food establishments notify their customers of the country of origin of the catfish sold in their establishments by means of a label, menu listing or other "clear and visible" sign and required that any advertising also list the country of origin. In addition, the bill established recordkeeping requirements and created penalties for non-compliance.

The bill was eventually approved by the House panel but Representative Jim DeCesare (R-Rockfield), a committee member, filed several floor amendments at the request of KRF's legislative team that would have significantly changed the bill. Although the amendments failed to pass, they sparked enough floor debate to significantly narrow the margin by which the House passed the bill (52-41). The bill, which died without further action in the Senate Agriculture Committee, is being promoted by The Catfish Institute, an organization that has succeeded in passing labeling laws in six other states.

## **General Business Issues**

**Advertising:** Legislators again considered legislation that would have permitted a local school board to sell advertising space on public school buses. The bill, [HB 30](#), was sponsored by Representative Terry Mills (D-Lebanon). It was approved by the House by a vote of 67-29 but died in the Senate Education Committee. The measure would have allowed local school boards to determine advertising content restrictions and policies, but provided a statewide prohibition on any advertising of alcohol, tobacco, sexually-oriented businesses and political races. Currently, nine states allow the sale of advertising on school buses, with legislation pending in seven other states, including Indiana and Missouri.

Another bill, [HB 226](#) filed by Representative Johnny Bell (D-Glasgow), proposed to allow the owner of a billboard or other outdoor advertising device to trim overgrown weeds and other vegetation that obscures the public's view. [HB 226](#) would have created a billboard trimming permit and required owners to apply before trimming or pruning. The measure is similar to those filed in previous sessions, and like its predecessors it failed to pass.

**Metal Theft:** Five separate bills were introduced this Session to address the growing problem of metal theft and, more particular, the theft of items containing copper. The Federation joined other business groups, utilities, law enforcement and consumer groups as part of a large coalition in urging legislators to address the issue.

One proposal, [SB 34](#) introduced by Senate Minority Leader R.J. Palmer, contained a provision requiring fingerprinting of the seller but it was the legislation put forward by Representative Tanya Pullin (D-South Shore) that won unanimous approval in both the House and Senate. [HB 390](#) requires secondary metal recyclers to register with the state, keep records of the items they purchase and report their purchases to local law enforcement. Each applicant for registration will be subject to a background check by the Kentucky State Police. [HB 390](#) also prohibits cash payments for the purchase of restricted metals and requires that a check be mailed to a physical address, not a P.O. box, no sooner than one day after the transaction. The final bill also specifies that the damage to the property as well as the value of the material stolen is used to determine the level of the crime.

**Felony Expungement:** Both [HB 138](#) and [SB 185](#) contained provisions to permit the expungement of some felony records under certain circumstances but neither won approval in their respective chamber's Judiciary Committee. Current Kentucky law allows for misdemeanor violations to be expunged five years after an offender has completed his sentence or his probation but there is no statutory provision that allows felony convictions to be expunged from a person's criminal record.

**Expert Witnesses in Lawsuits:** A measure that would have defined expert witness for the purpose of medical testimony failed to receive a vote this session. Representative Tom Burch (D-Louisville), who chairs the House Health and Welfare Committee, joined with Representative David Watkins (D-Henderson), a physician, to introduce [HB 354](#) which would have required physicians to be certified before their

testimony could be admitted. The measure also sought to require physician-offered testimony to be limited to a medical condition within a physician's scope of practice.

## **Health Insurance Issues**

**Mandated Coverage for Chiropractic Services:** Legislation that would have likely increased health insurance rates by enacting a new mandate was approved by the House this session, but failed to receive a vote in the Senate. [HB 202](#), authored by Representative Kevin Sinnette (D-Ashland), would have limited co-pays for chiropractic services provided under a health insurance plan and required that the reimbursement rate be no less than the workers' compensation fee schedule. This approach to instituting a new mandate is unique because it mandates compensation, rather than a specific type of coverage. Not only would the bill's passage have likely led to an increase in rates, it would have set a dangerous precedent for the mandate of other compensation – something traditionally set through contract negotiations between providers and insurance companies.

## **Labor & Workforce Issues**

**Unemployment Insurance:** The prospect of Kentucky employers seeing their FUTA tax go up by more than \$350 per employee next year was eliminated with the passage of [HB 495](#) in the 2012 session. Like many other states, Kentucky's unemployment insurance (UI) program was forced to borrow from the federal government to continue paying benefits after the state fund reserves were depleted. The state began borrowing in January 2009 and the current debt totals nearly \$950 million.

A UI Task Force that included KRF Senior Vice President of Government Affairs Gay Dwyer was established in 2009 by Governor Steve Beshear. The group recommended legislative changes to repay the debt and restore solvency to the state fund. The reforms were enacted in 2010 and a combination of benefit reductions and increased revenues generated by raising the taxable wage base from \$8,000 to \$9,000 took effect on January 1, 2012. However, the issue of the interest payment on the debt arose when Congress failed to act to extend the waiver of interest that had been in place.

Federal rules prohibit the use of normal UI tax revenue for interest and include harsh penalties on employers in states that fail to make the interest payment. If Kentucky does not pay the interest due in September, the state's employers would be subject to a federal UI tax increase of more than \$600 million in 2013.

A coalition of business groups including the Federation developed a plan to ensure payment of the interest due each year until the debt is repaid without immediately adding to Kentucky employers' UI tax burden. The plan was introduced as [HB 495](#) by House Speaker ProTem Larry Clark (D-Louisville) who served on the UI Task Force. The bill authorized the state to obtain private financing to pay the interest through 2013 rather than imposing an immediate surtax on employers as many states have done. It directs the Governor to apply for a cap on the partial loss of the FUTA tax

credit—0.03 percent each year until the federal loan is repaid—as soon as the state meets the federal eligibility standards. In 2014, an interest surcharge will be added to each Kentucky employer's state UI tax bill. The surcharge will be calculated to yield the same revenue as the annual FUTA credit loss--approximately \$21 per employee. If the FUTA cap is granted for 2014, the state interest surcharge will replace the federal tax increase scheduled to take effect that year and, therefore, will avoid any additional cost to employers.

The business community could get a break in its state UI taxes once the federal loan is repaid because of provisions added to the bill in the Senate. Kentucky's taxable wage base is scheduled to increase by \$300 each year beginning in 2013 until it reaches \$12,000. The Senate revisions put forward by Senator David Givens (R-Greensburg), who also served on the task force, would permit the annual increase to be put on hold under certain conditions. The effect of the change means that the \$12,000 taxable wage base set to take effect in 2022 could be delayed by as many years as Kentucky employers paid higher federal UI taxes through the partial loss of the FUTA credit while the loan was being repaid.

**Workers' Compensation:** An additional cost to employers resulted from passage of [HB 499](#) in the 2012 Session. When major changes were made to the state's workers' compensation system in 1996, the Special Fund was closed to new claims and provisions were added to the law requiring the transfer of \$19 million of coal severance tax revenues each year to help cover the fund's liability since it had largely been used to finance black lung benefits. For the past few years, the General Assembly has suspended the fund transfer in the budget bill but [HB 499](#) permanently repealed the transfer requirement. An assessment is added to an employer's workers' compensation premium to produce revenue for the fund. Elimination of the \$19 million annual coal severance tax transfer makes it inevitable that Kentucky employers will bear additional costs.

For the second year in a row, Senator Tom Buford (R-Nicholasville) introduced a workers' compensation reform bill that KRF and other business groups viewed as being largely “unfriendly” to the state’s employers. [SB 149](#) proposed to create a new level of disability classified as "temporary partial", increase income benefits for injured workers and allow for higher attorneys’ fees. The one positive provision for employers would have addressed the problem of "lifetime medicals" by capping medical benefits at age 70 or five years after the date of injury, whichever is later. The bill was never taken up for consideration by the Senate committee to which it was assigned.

**Minimum Wage:** More than a dozen states saw the introduction of bills this year to increase the state minimum wage but no minimum wage legislation was introduced in Kentucky.

**Employee Misclassification:** A business-friendly measure that would help Kentucky business owners properly distinguish between employees and independent contractors was introduced by Senator John Schickel (R-Union) as [SB 77](#). The bill which passed the Senate but died in the House, made the Department of Revenue the determining authority on issues relating to employee classification. It established criteria

that must be met by a person providing services for a contractor or subcontractor in order to qualify as an independent contractor. The bill also makes it clear that independent contractors are not covered by the state's wage and hour laws and are not eligible for employee benefits such as unemployment compensation or workers' compensation. It also included a provision stating that a contractor is not responsible for proper classification of workers by a subcontractor.

The issue of employee misclassification was addressed by the House in the version of [HB 499](#) that the chamber approved in early March. Those provisions, which had the support of organized labor, would have required the execution of information-sharing agreements between various state agencies designed to identify and correct problems with employee classification. It also required posting information on a state website about how to report employee misclassification. KRF and other business groups were actively engaged in the issue and significant changes in the language contained in [HB 499](#) were made before the bill won final approval. The enacted version simply allows the Revenue Department to identify licensing agencies from which it needs information for tax compliance. Those agencies are then directed to work with Revenue officials to develop a process for providing information regarding its licensees.

**Immigration:** Although Kentucky is one of the few states that has not recently passed immigration legislation, there was little action on the issue in 2012 when only a few bills were introduced and none passed. Two of the House bills ([HB 5](#) and [HB 58](#)) mandated use of the *E-verify* system by public agencies and employers holding public contracts in the first bill and by any employer with at least 11 employees, as well as those with public contracts, in the other proposal. [HB 118](#) required suspension of any license or permit held by a person that hires an unauthorized alien while the final House bill dealt with enforcement of the federal law.

**Domestic Violence Orders Involving Employees:** Legislation was introduced in both chambers again this session to extend eligibility for domestic violence protective orders to individuals who have been or are involved in a dating relationship. The proposal could impact businesses that employ both parties if the order restricted contact between the individuals. One of the measures ([HB 498](#)) passed the House before dying in the Senate Judiciary Committee.

**Comparable Worth:** Louisville lawmaker Mary Lou Marzian, a House Democrat, introduced comparable worth legislation again this year in the form of [HB 337](#). Although it was assigned to the House Labor and Industry Committee which has earned its reputation as a "pro-labor " panel, no action was taken on the bill.

## **Regulatory & Consumer Protection Issues**

**Statewide Smoking Ban:** As we anticipated, legislation proposing a statewide ban on smoking in workplaces and businesses open to the public was again filed this session. The bill, [HB 289](#) by Representative Susan Westrom (D-Lexington), was similar to a bill she introduced last session. [HB 289](#) prohibited smoking within 15 feet of the doors, windows or ventilation intakes of these buildings. In addition, the bill required

businesses to post signage at every entrance and to provide notice to employees and prospective employees about the ban. This year's proposal advanced one step further than last year's bill as members of the House Health and Welfare approved it and sent it to the full House for consideration. However, the bill was eventually recommitted to the House Appropriations and Revenue Committee where it died.

**Regulatory Reform:** State agencies use the administrative regulations they promulgate to set rules and impose requirements on the individuals and businesses they regulate and several bills were introduced to curb what some consider misuse. Agency officials are often chastised when they appear before the legislature's Administrative Regulations Review Subcommittee if a lawmaker on the panel believes that the proposed regulatory changes go beyond the General Assembly's intent. Because recent court decisions have restricted legislative action when they are not in session, bills were filed in both the House and Senate proposing to amend Kentucky's Constitution to increase the legislative authority over administrative regulations and allow an interim panel to stop a regulation. [SB 10](#), sponsored by Senator Joe Bowen (R-Owensboro) who co-chairs the review subcommittee, cleared the Senate in mid-March but died in the House. [HB 213](#) that was introduced by Representative Jody Richards (D-Bowling Green) also failed to pass the House.

Freshman Senator Jared Carpenter (R-Berea) took a different tack in trying to get a handle on the regulations issued by agencies throughout state government. [SB 4](#) proposed a one-year moratorium on any new administrative regulations with the exception of those specifically authorized in legislation approved during the 2012 Session or those that meet the criteria for an emergency administrative regulation. His legislation also called for the expiration of all existing administrative regulations in two years but authorized agencies to review current regulations and to re-promulgate those it determines should not sunset before the end of the two-year period. In addition, [SB 4](#) proposed additional restrictions on the use of emergency regulations and specified that state regulations can be no more stringent than federal mandates unless directed to be so through statutory provisions. The bill passed the Senate 30-8 but it was not acted on in the House State Government Committee where it was referred.

Two other House members--Representatives Addia Wuchner (R-Florence and Leslie Combs (D-Pikeville)--filed legislation to rein in regulatory activity. Wuchner's [HB 131](#) would have delayed any administrative regulation determined to have a major economic impact while [HB 450](#) that Combs introduced would have required an extensive cost-benefit analysis of any proposed regulatory change.

The only bill dealing with administrative regulations that passed both chambers was [SB 157](#), another measure sponsored by Bowen. The bill makes several changes to the regulations process, the most significant being a provision to make the electronic version of *The Administrative Register* the official version.

**BPA Restrictions:** Representative Mary Lou Marzian (D-Louisville) again introduced a bill to ban the use of bisphenol-A (BPA) in certain consumer products but it met the same fate as her 2011 proposal that died without action in the committee to which it was referred. [HB 236](#) proposed a prohibition on the use of BPA in reusable food and beverage containers, as well as in containers for baby food and infant formula.

## **Revenue & Taxation Issues**

**Tax Reform:** Representatives Bill Farmer (R-Lexington) and Jim Wayne (D-Louisville) again shared their ideas for comprehensive tax reform with the introduction of [HB 120](#) and [HB 127](#), respectively, on the opening day of the 2012 Session. It did not come as a surprise when neither bill was discussed in the House Appropriations and Revenue Committee.

But the issue of an overhaul of Kentucky's tax code was clearly on the mind of Governor Steve Beshear during his January State of the Commonwealth address to the legislature when he talked about his plans to name a blue ribbon panel to study Kentucky's tax system and recommend changes. In early February, the Governor announced that the group will be chaired by Lieutenant Governor Jerry Abramson and named the members of the 23-person panel. At their first meeting in March, the group decided to hire a consultant to research how Kentucky's tax structure compares with surrounding states. The task force will hold 11 more meetings in locations throughout the state before finalizing their recommendations and providing the Governor with a final report before the end of the year. That makes it virtually certain that tax reform will be an issue in the 2013 General Assembly.

**Budget:** On the day before lawmakers left Frankfort for the veto recess, both chambers gave final approval to a compromise version of [HB 265](#), the budget bill that creates a \$19 billion-plus state spending plan for the two year period that begins on July 1. Although state revenue has finally returned to its pre-recession levels, it has lagged behind spending for the last several years and the budget reflects this, with 8.4 percent cuts to most state programs and agencies; no pay raises for state workers; and no cost-of-living increases for state government retirees. The state corrections department and the Medicaid program were exempted from the budget cuts and base-line funding will remain the same for primary and secondary schools

The final budget document is amazingly similar to the proposal presented by the Governor in mid-January. The most significant difference involves bond authorizations that will add to the state debt. The Governor's proposed budget included \$968 million in new debt but the final budget cuts that amount to about \$400 million by eliminating bonding for several projects.

The House and Senate also passed [HB 499](#) on the 59th day of the 60-day session. The legislation is needed to implement the budget bill. Among its provisions is one that would allow the state to implement a tax amnesty program during fiscal year 2013 that is expected to raise \$55 million. It would be the state's first offer of tax amnesty in a decade and would forgive some penalties if people come forward and pay the taxes they owe.

A separate bill that sets the budget for programs managed by the state Transportation Cabinet, including the two-year road building plan, was expected to be acted on when lawmakers returned to Frankfort for the final day of the 2012 Session. That did not occur and without a Cabinet operating budget in place by July 1, all transportation programs and projects will cease. Not only would highway maintenance and repairs halt, other Cabinet operations such as driver licensing and highway safety

programs would be suspended at the end of June. Governor Beshear has called a special session starting today to resolve the issue.

**Local Tax Issues:** The cost businesses must bear because of the lack of uniform rules regarding local tax administration led Representative Jody Richards (D-Bowling Green) to introduce [HB 277](#). The language in the bill that passed requires a standardized form for the filing of net profits, gross receipts and occupational license taxes to be developed and in use by local taxing districts no later than July 1, 2017. Prior to that date, the bill requires local governments that impose these taxes to provide copies of their current tax forms to Secretary of State Allison Lundergan Grimes by November 1, 2012 for posting on Kentucky's One Stop business portal.

[HB 478](#), had it passed, would have required that occupational license fees levied by local governments be set as a percentage and barred the imposition of a flat fee or minimum tax payment. Other measures that failed were two bills relating to local restaurant taxes. [HB 368](#) would have permitted every Kentucky city including Lexington and Louisville to impose a local restaurant tax of up to three percent and broaden the allowable uses of the tax proceeds. [HB 445](#) proposed to alter the current law to let cities of the 4th and 5th classes that can now impose a restaurant tax solely for tourism promotion and development keep 75 percent of the revenues for their General Funds.

**Income Tax Credits:** A similar fate met several bills to create income tax credits including ones to encourage employers to offer wellness programs and to give consumers an incentive to use vehicles powered by clean transportation fuels when they were not approved. Also failing again this year was the proposal known as the "Goodwill Bill" since it called for a tax credit to employers who contract with a nonprofit organization for services performed by blind or disabled persons.

**Consolidated Tax Returns:** The House Appropriations and Revenue Committee did not act on [HB 162](#) that would have reinstated the option for affiliated groups to elect to file consolidated income tax returns beginning with the 2012 tax year.