Kentucky Restaurant Association
2025 General Assembly
Session Summary
May 23, 2025

On March 28, the 2025 legislative session of the Kentucky General Assembly concluded, and KRA members have a lot to celebrate. Even though legislators predicted that they would not adopt many measures during the short session, when the session concluded, more than 150 bills were sent to the governor's desk, with 30 bills sent on the final two days of the legislative session traditionally reserved for veto override days. The House and Senate passed HB 1 first, lowering the personal income tax a half percent to 3.5% starting Jan. 1, 2026. Additionally, the legislature passed HB 775 that made several revenue changes including granting the legislature greater flexibility to lower the personal income tax by a smaller percentage than a half percent, so long as the statutory triggers are met.

For KRA, it's priority legislation for the 2025 legislative session became law—**HB 618**—the retail to restaurant bill. It allows restaurants to purchase up to 9 liters of spirits, 9 liters of wine and 3 cases of beer per month from a retailer monthly. The restaurant must keep receipts of purchases and submit the purchases quarterly to the Alcoholic Beverage Control Department.

The General Assembly did prohibit restaurant's from selling cannabis-infused beverages, so restaurants currently selling these beverages have until June 1, 2025. After this date, only liquor stores in Kentucky will be allowed to sell these products.

Other victories for KRA came in the form of what did not pass, including the fact that there was no legislation filed to allow all cities to levy a restaurant tax, but this is probably a short-lived victory as the issue of the restaurant tax is currently being litigated at the Kentucky Court of Appeals.

There will be a number of task forces over the 2025 interim, which will likely include the Make America Health Again Task Force that would evaluate how to promote healthy habits. Additionally, **HB 12** would have restricted social media access to children, but its definitions were so broad that it would have included retailers in its restrictions.

All bills that have an emergency clause took effect upon the governor's signature and any legislation that doesn't contain an emergency clause takes effect on June 27, 2025. Below are links to the subsections of the 2025 Session Summary document that you can use to click directly to issues of interest.

Index Issues

ALCOHOLIC BEVERAGE SALES ISSUES

Intoxicating Hemp Beverages: During the 2024 interim session, the Interim Joint Committee on Licensing, Occupations and Administrative Regulations heard testimony on intoxicating hemp beverages and the need for more regulation in the marketplace to protect consumers and ensure that the consumer gets the product that was advertised on the bottle. The alcohol industry, including the distillers and the distributors, argued that the product was competing against alcoholic beverages that have been heavily regulated since the end of prohibition, but hemp stores reminded alcohol industry leaders and policymakers that these products are regulated as a result of legislation passed by the General Assembly directing the Cabinet for Health and Family Services to promulgate regulations on all intoxicating hemp products. This did not satisfy lawmakers, especially after having products tested at the University of Kentucky Hemp Lab facilities which showed that the levels of THC did not match what was printed on the bottle.

This led to the passage of **SB 202**, introduced by Sen. Julie Raque Adams (R-Louisville), who was selected this year to chair the Senate Licensing & Occupations Committee. The issue of intoxicating hemp beverages took many twists and turns over the course of the session, but here is what was finally changed, through multiple pieces of legislation: Any retailer wanting to sell intoxicating hemp beverages must have a quota-retail package license issued by the Department of Alcoholic Beverage Control and obtain a cannabis-infused beverage license that costs $2,000 annually (**HB 775**). A licensed cannabis distributor or wholesaler will distribute these products, and manufacturers will continue to be certified through the Department of Public Health. A licensed retailer may sell intoxicating hemp beverages that contain no more than 5 milligrams per 12 ounces. The law is in effect now as it included an emergency clause, and Gov. Andy Beshear signed the legislation.

For grocers and convenience stores with inventory of hemp beverages, they have until June 1, 2025, to sell off inventory, regardless of the number of milligrams contained in the products. Additionally, fairs and festivals will be allowed to continue selling these beverages until the end of the year.

House Bill 775 not only increased the licensing fee, but it also set a tax rate for these products. For each gallon of cannabis-infused products, there is a $1.92 per gallon tax that is paid by distributors and an 11% wholesale tax.

Finally, it is important to know the exemptions from the definition of cannabis-infused beverages are cannabidiol, hemp tinctures, and medical marijuana. Products that are not in the beverage form continue to be regulated by the Department of Public Health (DPH) and continue to be sold in retail locations that must be registered with DPH.

Retail to Restaurant: **House Bill 618**, sponsored by House Licensing & Occupations Committee Chair Matt Koch (R-Paris), allows restaurants to buy up to three cases of beer per month from a retailer for resale by the drink at the restaurant. Additionally, they can purchase up to 9 liters of wine and 9 liters of spirits monthly for resale by the drink. The restaurant is obligated to keep receipts and report quarterly to the Department of Alcoholic Beverage Control. The bill was amended in the House to allow bars to get a special retail package license to allow them to conduct barrel picks, easing the burden on the demand for quota retail package licenses.

Alcohol Regulatory Fee Expansion: **House Bill 437** started as a simple change to restrict the police powers of local alcoholic beverage control officers, but it was amended in the

Senate Licensing & Occupations Committee to allow communities that have voted to allow certain facilities, such as golf courses, to authorize by the drink sales to levy an uncapped alcohol regulatory fee and to authorize the county, in which the precinct is located in that approved by-the-drink sales, to allow for the sale of alcohol on Sunday. Concerns were raised about the expansion of the alcohol regulatory fee, and the Senate agreed to remove the alcohol regulatory fee expansion to new territories but authorized the local governments to allow for Sunday sales of alcohol in these precincts.

CONSUMER PROTECTION ISSUES

Artificial Intelligence: The House and Senate both introduced legislation (**SB 4** and **HB 672**) to regulate the use of artificial intelligence within state government and to prohibit the use of artificial intelligence to create images of candidates in elections, but only **SB 4** passed. After a task force studied the use of artificial intelligence issues last year over the interim and adopted a report that recommended continuing to study the use of artificial intelligence in commercial settings, it was decided to regulate its use in state government by requiring each executive branch agency and the Commonwealth of Technology to develop guidelines on using artificial intelligence within state government. Gov. Andy Beshear signed the legislation, and it takes effect on June 27.

Data Privacy: **House Bill 473** easily passed both chambers and was signed by the governor, as it serves as clean-up legislation to major data privacy legislation that was adopted in 2024 and takes effect Jan. 1, 2026. It makes two simple changes. The first expands exemptions from the law for healthcare information collected by healthcare providers, including for the purpose of public health or research. The other change states that when a business is conducting a data impact assessment, it requires that consumer data that involves tracking to be evaluated for unlawful practices.

Social Media: For the past few legislative sessions, legislators have expressed concerns about children's access to social media and its negative consequences on young children who are exposed to technology. Rep. Matthew Lockett (R-Nicholasville) introduced **HB 12** that would have prohibited anyone 14 years of age or younger from signing up for a social media account. in addition, the bill would have required app stores to conduct age verification of all users. The definition of social media included in the bill was broad and likely would have included retailers with an online presence who have shoppers younger than age 14 signed up for rewards programs. The bill was set to receive a committee hearing, but the sponsor decided not to pursue the legislation but continue to discuss the issue during the interim. Several states have passed laws regulating minors' social media use, and there is litigation in the courts regarding whether it is legal for states to restrict social media use.

Automatic license plate readers: Rep. John Hodgson (R-Louisville) once again introduced legislation to regulate the use of automatic license plate readers (ALPRs), but after **HB 20** passed in the House, the Senate did not take up the legislation. In the Senate, Sen. Matt Nunn (R-Georgetown) introduced **SB 185** that also would have restricted the use of ALPRs, but this bill did not advance this session either. Both bills would have allowed for the continued use of ALPRs for crime deterrence and in parking lots. Looking to next session, this legislation is likely to be reintroduced in 2026.

Drones: Two measures addressing drones were adopted in the 2025 legislative session: **SB 64** and **HB 19**. Senate Bill 64 expands the list of critical asset infrastructure to include broadband deployment infrastructure. This makes it a criminal offense to fly a drone over broadband infrastructure with the intent to cause harm or interfere with its purpose. It passed and was signed by the governor.

House Bill 19 further restricts the use of drones to surveil private real property. A person would be prohibited from recording or taking images of private property and the bill creates a private right of action for property owners who experience drones recording or surveilling their personal property. Violators would be subject to criminal penalties. There are exemptions to the legislation included for insurance and recreational uses. Rep. John Hodgson (R-Fishersville) filed similar legislation in the previous two legislative sessions, but they were not adopted. This year, the General Assembly adopted the legislation, and the governor signed it into law.

Deep fakes: **House Bill 21**, sponsored by Rep. John Hodgson (R-Fishersville), would have required the regulation of deep fakes. It prohibits an individual from knowingly creating and disseminating a deep fake, an image that cannot be distinguished from the actual individual. There are some exceptions including some commercials uses. If a person disseminated a deep fake without the permission of the individual, they would be subject to civil damages including actual and punitive damages. Additionally, a person could be charged with a Class D felony for disseminating a deep fake.

The bill was referred to the Small Business & Information Technology Committee, but it failed to advance out of the committee.

CREDIT & COLLECTION ISSUES

Cryptocurrency: **House Bill 701**, sponsored by Rep. Adam Bowling (R-Middleboro), authorizes retailers to accept cryptocurrency including wallets or digital interfaces that hold digital currency, but it doesn't require retailers to accept it. The bill passed and was signed into law.

CRIMINAL JUSTICE & LOSS PREVENTION ISSUES

Gift Card Tampering: In a major victory for retailers selling gift cards, the General Assembly unanimously adopted **SB 130** establishing criminal penalties for gift card tampering, making it a Class D felony. The legislation clearly defines what gift card tampering means, ensuring that with the new gift card scams where a criminal swipes unloaded gift cards, captures the redemption information and monitors its activation, they can be charged with gift card tampering at any point in the scam. The bill defines the face value of a gift card so the criminal can be charged with the highest possible face value of the card, regardless if the card has been funded. Companion legislation **HB 533** was filed by Rep. Chris Freeland (R-Benton) as well, but it was the Senate version that finally passed.

The legislation was quickly signed by Gov. Andy Beshear and is a significant victory for the association and consumers who have lost millions of dollars in gift card scams. Organized retail theft continues to be a growing problem for industry. For the second year in a row, the General Assembly has enacted laws to curb organized retail crime.

Automatic license plate readers: Automatic license plate readers have been used by businesses including retailers to assist in stopping or documenting retail theft. Ensuring that retailers continue to have these tools is critical, therefore when Rep. John Hodgson (R-Louisville) once again introduced legislation to regulate the use of automatic license plate readers, the association worked to ensure it would not negatively impact use of ALPRs to stop theft on retail premises. **House Bill 20** was passed in the House, but the Senate did not take up the legislation. Additionally, in the Senate, Sen. Matt Nunn (R-Georgetown) introduced **SB 185** that would have also restricted the use of ALPRs but this bill did not advance. Both bills would have allowed for the continued use of ALPRs for crime deterrence and in parking lots. Looking ahead to next session, this legislation is likely to be reintroduced in 2025.

DEVELOPMENT & GROWTH ISSUES

Planning and Zoning: **House Bill 321**, sponsored by Rep. D.J. Johnson (R-Owensboro), requires appointed members of a planning and zoning commission to undergo training that must be completed no later than before one year of service is completed. Planning Commission staff would also have to undergo the same training. The bill passed the House, and when it got to the Senate, it was amended to restrict who can protest an opinion or decision of the planning commission to a real property owner in the same zone where the property being developed is located. This means that people outside of the zone cannot file appeals to final planning and zoning actions. Gov. Andy Beshear signed the bill into law.

Squatters: Two bills were introduced to address squatters of abandoned property, including commercial property (**HB 10** and **HB 142**). House Bill 10 did make it across the finish line and was signed into law, allowing commercial property owners to request the assistance of law enforcement when a squatter refuses to leave the property. It also makes damages caused by squatters a criminal charge of criminal mischief. House Bill 142, which was similar to HB 10, died in the House Judiciary Committee.

Property Insurance Claims: **House Bill 233** was adopted and signed into law, expanding protections for real property owners who have filed claims with their property insurance company. The bill gives consumers, including businesses, five days to cancel contracts of real goods and services when an insurer notifies the property owner that an insurance claim won’t be covered. Contractors would be required to provide the property owners with notice of this right.

Eminent Domain: **House Bill 630** was introduced and assigned to the Judiciary Committee, but it did not move forward. As introduced, the legislation would have prohibited the taking of property by eminent domain if it is part of an agricultural conservation easement.

Building Code: Rep. Derek Lewis (R-London) introduced **HB 29** that, if it had passed, would have expanded the list of organizations whose model electrical codes could be the standard for electrical construction in Kentucky. It would have included the International Code Council, National Fire Protection Association or other nationally recognized organizations instead of the National Electrical Code that Kentucky requires electrical construction standards to be based on when promulgating regulations. It was assigned to the House Licensing & Occupations Committee, where it remained until the end of the legislative session.

Also, **HB 200**, which did not pass, would have amended the law to state that deviations from the Uniform State Building Code that have an adverse effect are deemed to be violations and deviations where no injury or adverse effect occur are considered to conform with the electrical code.

Drones: **House Bill 19** prohibits the use of drones to record or take images of private real property. The bill creates a private right of action for property owners who experience drones recording or surveilling their personal property. Violators would also be subject to criminal penalties. There are exemptions to the legislation for insurance and recreational uses. Rep. John Hodgson (R-Fishersville) filed similar legislation in the previous two legislative sessions, but they were not adopted. The General Assembly adopted the legislation and the governor signed it into law.

ENERGY & ENVIRONMENT ISSUES

Plastics: Rep. Mary Lou Marzian (D-Louisville) filed **HB 295** that would have prohibited the use of single plastic bags starting July 1, 2030. Plastic straws and Styrofoam cups would be banned for use starting July 1, 2028, and the bill would have prohibited the release of more than 25 balloons. It did not move in the 2025 legislative session.

A Republican-sponsored measure (**HB 53**) would have prohibited the release of balloons by making it a Class A misdemeanor for a person to release 10 or more balloons in a 24-hour period. A person could be guilty of the crime if they facilitate the balloon release, which could include the retailer who sold the balloons to them. The bill was not adopted in committee.

Perfluoroalkyl and polyfluoroalkyl substances (PFAS): **House Bill 102** introduced by Democrat Nima Kulkarni (D-Louisville) would have required the creation of the PFAS Work Group and require manufacturers to report on intentional inclusion of PFAS in products and report releases of PFAS into the environment. The bill would have created penalties for noncompliance. The bill was assigned to the Natural Resources Committee where it remained until the conclusion of the legislative session.

Disaster Prevention Task Force: Eastern Kentucky legislators Rep. John Blanton and Sen. Robin Webb both introduced resolutions establishing a Disaster Prevention and Resiliency Task Force comprised of members of the General Assembly and experts from the executive branch to study disaster prevention, emergency response and infrastructure resiliency. The Senate Concurrent Resolution did advance in the Senate, but **HCR 78** did not advance. The House never considered **SCR 67**, but that may be irrelevant, because House and Senate leadership who comprise the Legislative Research Commission, could create a legislative task force to evaluate Disaster Preparedness during the interim.

<u>FOOD SALES & SERVICE ISSUES</u>

<u>Food restrictions for SNAP Beneficiaries</u>: **House Bill 279**, sponsored by Rep. Matt Lockett (R-Nicholasville), would have prohibited SNAP beneficiaries from using benefits on foods determined to be of minimal nutritional value by the Cabinet for Health and Family Services, which would have included candy, soda, energy drinks and potato chips. The Cabinet would have been required to apply for a waiver from federal program requirements from the U.S.D.A. Food Nutritional Services Branch. If the waiver was denied, the cabinet would be required to continue to apply for the waiver until it was approved.

For grocery and convenience stores, determining what products would be included and which would not be, would be a bureaucratic nightmare. Additionally, it would be difficult to explain to Kentucky SNAP customers what products cannot be purchased in Kentucky and residents could cross state lines and purchase these same items with SNAP benefits.

Arkansas and Indiana have recently provided notice to FNS that they would be seeking a waiver to prohibit the sale of candy and soda to SNAP beneficiaries. Organizations working at the federal level have indicated that their waiver applications are likely to be approved.

Lockett withdrew **HB 279** from consideration, instead supporting the creation of the Make America Healthy Again Task Force to study policies to improve the overall health of Kentuckians. Two resolutions, one in the Senate and one in the House, were both introduced and began to move but ultimately failed to gain momentum for passage. It is likely that the Legislative Research Commission will create an interim task force to study the Make America Health Again movement and their policy positions to see if they are viable solutions for leaders seeking to improve the overall health of Kentuckians.

In contrast to the restrictive policies of HB 279, **SR 18** would have encouraged the Cabinet for Health and Family Services to apply for training funds for able-bodied SNAP recipients seeking to return to work or who may need additional training to work in a different field. Sen. Gerald Neal (D-Louisville) stated that the new program would not cost the legislature any funding as the program funding is provided by the federal government. The resolution received a committee hearing, but it ultimately died in the Senate and was not adopted.

<u>Nitrous Oxide</u>: **Senate Bill 100** that was adopted by the legislature and signed by the governor prohibits retailers from selling any device, tank or canister that either exclusively contains nitrous oxide or exclusively contains a chemical compound mixed with nitrous oxide. There are exemptions including medical gases that are regulated by the Kentucky Board of Pharmacy, dental and medical care uses, manufacturing, food preparation or production, or automotive purposes.

For violations of the prohibition, a retailer is subject to a $2,500 penalty, a $5,000 penalty for a second violation and up to 30 days in jail for a third violation, for each specific location.

<u>Food Dye Ban</u>: **House Bill 95**, introduced by Rep. Wade Williams (R-Hopkinsville), proposed to add Red Dye #3 to Kentucky's Food Drug and Cosmetic Act's definition of prohibited food adulterant, meaning that foods containing this product could not be sold in the state. Williams, after learning that the federal government was already moving in the direction of eliminating Red Dye #3 in America's foods, including candy, withdrew the legislation from consideration.

Kratom: After passing legislation in the 2024 legislative session to regulate Kratom, Gov. Andy Beshear refused its implementation because the General Assembly did not appropriate funding for the Cabinet for Health and Family Services to implement the legislation. Even without its implementation of the legislation, the General Assembly continues to file legislation targeting Kratom. **House Resolution 88** was adopted, and it encourages a public education campaign regarding the ill-effects of Kratom use. Additionally, **HB 481** would have allowed for the sale of kratom products in concentrations greater than 2% 7-hydroxymitragynie, but these products won't be labeled as kratom products. It would have also allowed for the sale of kratom extracts, but it did not pass.

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Make America Healthy Again Task Force: With the swearing in of Robert F. Kennedy, Jr., as the Secretary of Health and Human Services, a new movement was formed—Make American Healthy Again. Among the movement's main focuses are encouraging holistic medicine and eating unprocessed foods. The movement also caught the attention of the legislature, with the introduction of **SCR 61** and **HCR 41** that each created a legislative task force to review ways to improve public health and reduce chronic illness by encouraging eating healthy foods and engaging in exercise. It would study and make recommendations on increasing access to local and fresh produce, reduce public exposure to toxins, and recommend programs to encourage or incentivize consuming whole foods and participating in exercise. Although these resolutions did not pass, it is likely that the legislative research commission will decide to establish such a task force during the interim.

Sale of Cultured Meat: Current Kentucky law requires cultured meat, or meat products containing live animal tissue grown outside of a live animal to be labeled as such, but Rep. Ryan Dotson's (R-Winchester) bill would have prohibited the sale of cultured meat in Kentucky. **House Bill 374** was referred to the House Agriculture Committee, but it did not receive a committee hearing or vote.

Food Safety & Service Issues: There were several measures filed in the 2025 legislative session to reduce food safety and inspection requirements on small production of items that are sold in limited quantities, but only one passed – **HB 391**. The bill increases the number of gallons of honey a small producer can produce before they must use a certified honey house or register with the Cabinet for Health and Family Services as a food manufacturer. After the passage of HB 391, a honey producer can manufacture, process, and sell 500 gallons of honey, instead of the current 150 gallons.

Other measures filed would have allowed for the sale of chicken slaughtered and sold on the farm without meeting USDA processing requirements. These products could be sold in roadside stands, from the farm, or at farmers' markets (**HB 278**, **HB 144**). **House Bill 768** would have expanded the definition of small farm and home-based food processors exempting them from food permitting requirements. Another measure, **HB 365**, would have exempted a producer of no more than 240 dozen eggs from licensing requirements. Finally, **HB 86** would have allowed for the sale of unpasteurized milk. All these measures failed.

GENERAL BUSINESS ISSUES

Administrative Regulations (REINS Act): Sen. Matt Nunn (R-Georgetown) sponsored **SB 20** and Rep. Wade Williams (R-Hopkinsville) sponsored **HB 6**, which is the version that finally passed and placed restrictions on administration regulations. Both measures are referred to as the REINS Act, as there is a similar law at the federal level. It allows legislative subcommittees reviewing administrative regulations to rule it as deficient. It requires agencies promulgating regulations to determine if there is a major economic impact as a result of promulgating the regulation, with a major economic impact defined as costing $500,000 or more over a two-year period. The law says that regulations that are required to be promulgated as a result of statutory changes can be promulgated. The bill passed the House and Senate and was vetoed by Gov. Andy Beshear, who argued that it would prohibit the implementation of legislation. The legislature overrode the veto and because the legislation has an emergency clause, it is in effect now. The goal is to reduce bureaucracy and economic impact on state and local governments and other interested parties.

Judicial Review of Agency Decisions: **Senate Bill 84**, sponsored by Sen. Steve Rawlings (R-Burlington), as finally passed states that administrative law judges or other executive branch agencies interpreting statutes or regulations that the court will give their opinion deference. Additionally, it states that the courts should conduct a de novo review of all court cases related to statutes and administrative regulations. The legislation mirrors the recent U.S. Supreme Court repeal of the "Chevron principle", which means that an executive agency's interpretation of statute was given deference by the courts to assume that the agencies interpretation is correct. This means that entities such as the Board of Tax Appeals will not be able to give preference to the Kentucky Department of Revenue.

Beshear vetoed the legislation, but the General Assembly acted quickly to override the appeal of the legislation. It does not include an emergency clause.

Department of Government Efficiency (DOGE): There were several measures introduced related to government efficiency, but only two of them passed. **Senate Bill 25** included a provision to require all agencies in the executive branch to send an annual report regarding what government efficiencies could be achieved to the Legislative Research Commission. Also, in the Senate, **SR 240** encourages the creation of a DOGE Task Force comprised of legislators and administered by the Legislative Research Commission. **Senate Bill 257** would have required the state auditor's office to establish an Office of Government Efficiency to review executive branch agencies and determine if there is waste, fraud, and abuse and whether efficiencies could be found. After passing the Senate, it failed in the House. In the House, **HCR 50** would have required the establishment of a task force comprised of legislators to review executive branch agencies for efficiencies.

Even though none of the measures passed, it is still possible that a task force could be created by the Legislative Research Commission, where appointed members of the legislature will evaluate measures to encourage government efficiencies.

Disaster Prevention: **House Concurrent Resolution 78** and **SCR 67** proposed to establish a Disaster Prevention and Resiliency Task Force, but it was SCR 67 that advanced the farthest. Both required the task force to evaluate the disaster prevention and preparedness, infrastructure stability and risks for future disasters. Even though neither of these measures finally passed, House and Senate leadership have typically established legislative task forces to evaluate certain issues.

Diversity, Equity, Inclusion and Environmental, Social and Governance: Legislation proposed in the House by freshman legislator Rep. T.J. Roberts (R-Burlington) would have placed liability on individual boards of directors when the business has a policy of diversity, equity, and inclusion or ESG policies, whether they vote to put them in place or allow them to continue while they serve on the board (**HB 388**). It would have awarded attorney's fees and damages to an individual who sues the company and its board of directors as individuals. The bill did not advance, after being referred to the House Judiciary Committee.

HEALTH INSURANCE ISSUES

Colorectal Screenings: **House Bill 421** expands the colorectal screening requirements that commercial health insurers and Medicaid must cover for eligible patients. It will include Cologuard. It requires all health insurers to cover all colorectal screenings and laboratory tests recommended by the United States Multi-Society Task Force on Colorectal Screening guidelines. The legislation passed on the final day of the session and was quickly signed by the governor. It takes effect on Jan. 1, 2026.

EpiPens: **House Bill 236** would have capped the cost of EpiPens annually to $100. It also would have required all health insurers to cover EpiPens, but after passing the House, it failed to pass the Senate.

Hearing Aids: Another proposed health insurance mandate (**SB 93)** would have required covering pediatric hearing aids, including replacements, at a cost of up to $2,500 annually. The legislation was amended in the Senate Banking & Insurance Committee to only apply to pediatric hearing aids, but after passing the Senate, it failed to receive a committee hearing in the House.

Substance Use Disorder Treatment: **House Bill 539** would have required health insurers and the state employees plan to cover comprehensive supervised substance use disorder treatment services, but after being referred to the House Banking & Insurance Committee it did not advance.

LABOR & WORKFORCE ISSUES

Commercial Drivers Licensing: **HB 444** was adopted to allow for individuals under the age of 21 to be eligible to receive a commercial driver's license with a hazardous materials endorsement only while traveling within the state of Kentucky. The goal is to increase the number of potential candidates and therefore the pool of employees eligible to transport hazardous materials. The current law requires an individual to be 21 years of age in order to be eligible to receive a hazardous materials endorsement. The individual would still be required to complete all requirements and training for a hazardous materials endorsement. The legislation takes effect on June 27, 2025.

Personal Drivers Licensing: **House Bill 15**, as introduced by House Majority Floor Leader Steve Rudy (R-Paducah), would have allowed a person 15 years of age to be eligible to receive a drivers' permit and a driver's license when they turned 16 years of age. It was amended in the Senate to allow a 15-year-old to receive a driver's permit and when they turned 16 years of age and after 180 days of having a permit to get a restricted license. At 17 years of age, the restricted license would be a full license. The bill contains an emergency clause, so it is currently in effect. Previously a person had to be 16 years old to be eligible for a driver's permit, and receive a restricted license after six months and then when they turn 17 years of age they would be eligible for an unrestricted driver's license.

Overtime and Tipped Wages: **House Bill 26** would have exempted overtime wages and tipped wages from state income taxes. The bill failed to receive a committee vote and died in the House Appropriations & Revenue Committee. The issue of exempting tipped wages from income taxes was made popular when President Donald Trump touted it on the campaign trail. To date, the U.S. Congress hasn't adopted anything on this issue.

Sanctuary Cities: Members of the House introduced two measures that would have required local governments to cooperate with federal immigration enforcement, prohibiting cities from adopting sanctuary policies that would refuse to cooperate. **House Bill 213** would have prohibited local governments from refusing to cooperate with federal immigration authorities, and those who didn't comply could be sued by injured parties if an illegal immigrant criminal was released and they committed a crime. **House Bill 344**, sponsored by Rep. Jared Bauman (R-Louisville), would have required local and state law enforcement agencies to participate with federal immigration authorities and any local agencies who refused to participate would lose state funding. If a person was released after being charged with a crime and subsequently committed a violent crime, the law enforcement official would lose their immunity for official acts and could be sued. Both bills were referred to the House Local Government Committee, where they remained until the end of the legislative session.

Workers' Compensation: There were several bills filed to amend workers' compensation laws, but only one was adopted – **SB 201**, requiring the Commissioner of Workers Claims to file a 150-day notice that an administrative law judge position is required to be filled. Also, it requires that members of the Workers' Claims Board not serve in the position until 30 days after they have been confirmed by the Senate.

Bills that did not pass included **SB 191** that would make omnibus changes to the workers compensation program that would have required coverage of post-traumatic stress disorder as a result of witnessing a workplace death. It would have allowed an administrative law judge to rely on objective medical experts and require the workers' compensation insurer to provide the guidelines for medical treatment. The bill was referred to the Senate Judiciary Committee where it remained until the end of the session. Another measure filed in the House (**HB 502**) would have required that the determination of a payment of a claim begins when the determination was made to the 30-day or 45-day deadline. It was referred to the House Economic Development Committee where it remained until the end of the session. Both measures were introduced by Republican majority members of their respective chambers.

Other measures that failed to cross the finish line included **HB 569** that would have made workplace accidents involving illegal substances as only the proximate cause of a workplace accident and eliminated the presumption that the use of illegal substances was the cause of the accident. This would potentially allow workers to get benefits for accidents where there is evidence that they were using illegal substances during the accident. It did not pass after it was referred to the House Economic Development Committee. **House Bill 570** would have excluded certain levels of marijuana or intoxicating hemp from the presumption that it was the cause of accident. It too failed to pass.

Worker Protections: Democrats in the minority membership of the House and Senate continue to file a slew of labor-friendly bills, but none of these measures advance, no matter how many of them are filed each session. They included issues of salary history disclosure, including making it a discriminatory act to ask for salary history (**HB 289**) and **HB 362** that would have required all employers to disclose a salary range. Another measure (**HB 692)** would make dismissing an employee without cause illegal and require payment of past wages with penalties; **HB 229** would require employers to give employees the right to disconnect from email or work during non-working hours; and **HB 690**, **HB 594** and **SB 294** would have prohibited non-compete clauses in employment contracts. **House Bill 656** would prohibit employers from discriminating against employees due to weight; **SB 102** would prohibit discrimination based on gender or sexual orientation; **HB 125** would prohibit discriminating against cultural hairstyles; and **HB 780** would prohibit discriminating against an employee running for political office. Another measure filed by a Republican would prohibit employers from requiring employees to listen to political messaging, but it failed to be adopted as well.

Workplace Safety: A controversial bill (**HB 398**) making state OSHA regulations, inspections and other requirements be no more restrictive that the federal regulations won adoption, even after a veto from Gov. Andy Beshear. As originally filed, the legislature established that an employee would have a qualified representative, but this provision was removed in the Senate.

Other measures that applied to OSHA rules did not receive final passage. This includes **HB 466** and **HB 778** that would have doubled the monetary penalties for violating OSHA, and **HB 803** that would have repealed the existing restriction on Kentucky OSHA administrative regulations, but neither passed.

House Bill 536 would have required employers to have emergency action plans for disasters, emergencies or life threating situations. Employers would also be required to develop and maintain an employee alarm system, but it failed to pass as well. **Senate Bill 49** would require employers in agriculture, landscaping, and transportation to develop heat prevention plans, but it did not move from the Senate Judiciary Committee.

Minimum Wage: There were bills introduced that would impact minimum wage, but none of them were adopted or moved after they were referred to a committee. **House Bill 564** would increase the minimum wage to $17 per hour after five years and require the minimum wage to automatically increase by the consumer price index and allow local governments to enact higher minimum wages than the state minimum wage, and **HB 67** would increase the state minimum wage to $15 after five years. Additionally, **HB 593** would have set the minimum wage to $15 per hour during declared emergencies for essential employees, including grocery store employees. In the Senate, **SB 11** would have increased the state minimum wage to $15 per hour and allow local governments to create a local minimum wage higher than the state minimum wage.

Veteran's Benefits Posting: **House Bill 551** would have required the Kentucky Department of Veterans Affairs to develop documents that describe available benefits for veterans. Employers would have been required to post these documents in an obvious place for employees. It was referred to the House Veterans, Military Affairs & Public Protection Committee, but it did not receive a vote.

Unemployment Insurance: One measure related to unemployment insurance was adopted this session and it is related to unemployment insurance fraud. Originally **SB 162** would have required cases of suspected unemployment insurance fraud to be reported to the F.B.I. or the state police within 30 days of the fraud first being suspected. The perpetrator of fraud would be ineligible for unemployment insurance while the investigation was continuing, but this provision was removed to stop unemployment insurance once the investigation concluded. The bill passed both chambers and was signed into law by the governor.

Another bill, **SB 263**, would have reduced the number of weekly work search requirements required to continue to receive benefits. **House Bill 107** would establish that victims of domestic or dating violence who have an order of protection receive unemployment insurance benefits if they need to leave a job because of threats or needing to flee for safety. Neither of these measures were adopted.

Employment of Minors: **Senate Bill 120** was amended to add a provision that requires all public middle and high schools to post employment requirements and restrictions for minors in English and Spanish. It passed and was signed into law by the governor. The school would post what jobs are acceptable for minors to work, the number of hours they are allowed to work and other relevant information.

Ghost Job Postings: **House Bill 57**, had it been adopted, would have prohibited employers from posting ghost job openings if they had plans to fill the job internally or did not intend to fill the job at all. The bill did not advance and died.

Predictive scheduling: Another labor friendly bill was introduced by the Democratic Caucus, **HB 631**, and would have required employers to give employees a good faith estimate of the number of hours to be worked in a job and it would have required employers to give seven days notice of a schedule. It was referred to the House Economic Development Committee, but it did not advance.

Employee leave: There were two bills filed that would have required employers to give paid leave to employees. **House Bill 138** would have required employers to give employees paid sick leave that they earned based on their time of service, and **HB 598** would have required employers to give mandatory paid parental leave. Neither of these measures advanced this session.

Regarding unpaid leave, there were two bills filed that would require employers to give employees unpaid leave in order to attend criminal court proceedings without reprisal for missing work because they were victim of a crime (**HB 287** and **HB 632**). Once again, these bills failed to get a committee hearing or advance in the legislature.

Employee Immunizations: **Senate Bill 246** would have required that employers provide exemptions to any vaccine mandate for any religious or conscientiously held beliefs, but it once again did not pass. Also, **SB 177** would have prohibited employers from requiring various versions of COVID vaccine as a condition of employment, and again, it failed to receive a committee hearing or vote.

Earned Income Access Companies: **House Bill 645** and **SB 246** are companion pieces of legislation and would have established licensing of companies that provide access to wages prior to their regular pay date, and it is often done through employers, but nether bill advanced in the 2025 legislative session.

REGULATORY & LICENSURE ISSUES

Intoxicating Hemp Beverages: During the 2024 interim session, the Interim Joint Committee on Licensing, Occupations and Administrative Regulations heard testimony on intoxicating hemp beverages and the need for more regulation in the marketplace to protect consumers and ensure that the consumer gets the product that was advertised on the bottle. The alcohol industry, including the distillers and the distributors, argued that the product was competing against alcoholic beverages that have been heavily regulated since the end of prohibition, but hemp stores reminded alcohol industry leaders and policymakers that these products are already regulated as a result of legislation passed by the General Assembly directing the Cabinet for Health and Family Services to promulgate regulations on all intoxicating hemp products. This did not satisfy lawmakers, especially after having products tested at the University of Kentucky Hemp Lab facilities which showed that levels of THC did not match what was printed on the bottle.

The issue of intoxicating hemp beverages took many twists and turns over the course of the session through multiple pieces of legislation. Any retailer wanting to sell intoxicating hemp beverages must have a quota-retail package license issued by the Department of Alcoholic Beverage Control and obtain a cannabis-infused beverage license that costs $2,000 annually (**HB 775**). A licensed cannabis distributor or wholesaler will distribute these products, and manufacturers will continue to be certified through the Department of Public Health.

House Bill 775 not only increased the licensing fee, but it also set a tax rate for these products. For each gallon of cannabis-infused products, there is a $1.92 per gallon tax that is paid by distributors and an 11% wholesale tax.

Senate Bill 202, introduced by Sen. Julie Raque Adams (R-Louisville), chair of the Senate Licensing & Occupations Committee, was also passed. The bill limits intoxicating hemp-infused beverages with no more than 5 milligrams per 12 ounce serving from being sold to anyone under the age of 21 years of age and only be sold in liquor stores. The bill passed both chambers and allows retailers and restaurants with products on hand to sell their inventory until June 1.

Finally, it is important to know the exemptions from the definition of cannabis-infused beverages are cannabidiol, hemp tinctures, and medical marijuana. Products that are not in the beverage form continue to be regulated by the Department of Public Health (DPH) and continue to be sold in retail locations that must be registered with DPH.

Firearms: There were several measures filed that would impact firearms, but none of them were adopted. **Senate Bill 75** would have lowered the age for a person to carry a concealed weapon from 21 years of age to 18 years of age, but it failed to pass the House after picking up several floor amendments. In contrast, **SB 144** would allow for the destruction of confiscated firearms if the weapon was used to commit a homicide, but it failed to receive a committee vote in the Senate. **HB 667** and **HB 686** would have exempted Kentucky manufactured weapons from federal background checks but neither of these measures advanced. Several bills were filed but not adopted to require the safe storage of weapons, including by retailers (**SB 105**, **HB 120**, **HB 581**). Other measures failed, including legislation prohibiting large capacity weapons (**HB 410**), another requiring an additional waiting period, and another would have allowed local governments to regulate firearms (HB 409).

Professional licensing and criminal conviction: **House Bill 87** requires professional licensing agencies to provide information to license applicants if a criminal conviction would be grounds to deny a professional license. Licensing agencies would be required to provide a report to the Legislative Research Commission on licensing requirements and allow an applicant a hearing to determine if they are ineligible for a license. The bill passed the House, but it failed to receive final passage in the Senate.

REVENUE & TAXATION ISSUES

Individual Income Tax: If you asked a member of the Republican majority, the greatest accomplishment of the 2025 legislative session was lowering the personal income tax from 4% to 3.5% for taxable years beginning on or after Jan. 1, 2026. The legislature met the economic triggers for lowering the personal income tax, and they took quick action to do so through the passage of **HB 1** in the House the first week of the legislative session. The Senate passed the legislation when they returned for part two of the legislative session, and Gov. Andy Beshear signed the legislation.

The General Assembly was not finished with the personal income tax after the passage of HB 1. In **HB 775**, the House set up a new process for lowering the personal income tax whereby the legislature could lower the personal income tax by 10 basis points instead of the current .5%. The Senate did not accept this change in full, and altered the process where the legislature could lower the personal income tax by .25% for tax years 2026 and 2027, and after that they could subsequently lower the income tax by increments of .1%. The House concurred, and Beshear let the measure take effect without his signature.

Motor Vehicle Property Tax: **House Bill 108** would have established a process for lowering the state property tax on motor vehicles, eliminating it by 2034 altogether. The local property tax on motor vehicles would not have been impacted by this legislation. The bill was referred to the House Appropriations & Revenue Committee where it remained until the end of the legislative session.

Financial Incentives: **House Bill 243**, sponsored by Rep. Ken Fleming (R-Louisville), would have established the Financial Incentives Review Committee comprised of legislators from each chamber. The committee would have reviewed financial incentives used to lure businesses to locate in the state and evaluate tax exemptions. The committee's charge would be to determine if incentives and tax exemptions are a good proposition for the state and taxpayers. The bill was referred to the House Appropriations & Revenue Committee where it languished until the end of the legislative session.

Centralized Collection of Local Taxes: Rep. Jared Bauman (R-Jefferson) introduced **HB 253** that would have allowed businesses to centrally pay local taxes through the state treasurer's office. Local governments opposed the legislation arguing that it would create delays in payments of taxes to local governments and could lead to a loss of revenue for cities. For retailers doing business in multiple jursidictions, remitting local taxes without a uniform and central system is a bureaucratic morass. There is an argument to be made that compliance of payment of local taxes would increase, but the city governments did not seem to agree. The bill was referred to the House Appropriations & Revenue and did not advance.

Alcohol Regulatory Fee: An amendment was filed to **House Bill 437** in the Senate Licensing & Occupations Committee to allow communities that have voted to allow certain facilities, such as golf courses, to authorize by the drink sales to levy an uncapped alcohol regulatory fee and to authorize the county to allow for the sale of alcohol on Sunday. Concerns were raised about the expansion of the alcohol regulatory fee so the Senate agreed to remove the alcohol regulatory fee expansion to new territories but authorized the local governments to allow for Sunday sales of alcohol in these precincts.

Restaurant Appointments to Local Tourism Commissions: **House Bill 552**, as introduced and adopted, clarifies that restaurant representation on tourism commissions must be appointed from the city or county where the tourism commission is located and the restaurant tax levied. Previously, the law stated that restaurant representation had to come from the jurisdiction, a vague term which left some appointments or restaurant representatives in communities with a restaurant tax to come from outside of the territory where the tax is levied. The bill was vetoed by the governor, because it also creates a new Kentucky Ireland Trade Task Force of the General Assembly, but the General Assembly overrode the veto of the bill.

Regional Economic Development Taxing Authority: **House Bill 707** would allow multiple counties to collaborate and form a regional taxing district that may levy property taxes not to exceed $.10 per $100 of value. Additionally, the legislation would allow counties in the region to impose an occupational license tax. The regional taxing district would be established to develop real estate as part of a regional economic development project. The bill did not advance, but its provisions were added to **HB 775** that was adopted and became law.

Limited Liability Entities Tax: A measure introduced by Rep. Patrick Flannery (R-Olive Hill) would have exempted revenues of $100,000 or less from the limited liability entity tax for limited liability corporations (**HB 721**). It was referred to the House Appropriations & Revenue Committee, but it failed to receive a committee vote.

Intoxicating Beverages Tax Rate: **House Bill 775** set a tax rate for cannabis-infused beverages. For each gallon of cannabis-infused products, there is a $1.92 per gallon tax that is paid by distributors and an 11% wholesale tax. The bill passed and became law.

Child Tax Credit: **Senate Bill 47** would have established a refundable child tax credit of $1,000 for children under the age of 6, for single parents making $50,000 or $100,000 jointly. It did not advance in the 2025 legislative session.

TRANSPORTATION ISSUES

Personal Drivers Licensing: **House Bill 15**, as introduced by House Majority Floor Leader Steve Rudy (R-Paducah), would have allowed a person 15 years of age to be eligible to receive a drivers' permit and a driver's license when they turned 16 years of age. It was amended in the Senate to allow a 15-year-old to receive a driver's permit and when they turned 16 years of age and after a 180 days of having a permit to get a restricted license. At 17 years of age, the restricted license would be a full license. The bill contains an emergency clause, so it is currently in effect. Previously a person had to be 16 years old to be eligible for a driver's permit, and receive a restricted license after six months and then when they turn 17 years of age they would be eligible for an unrestricted driver's license.

Third-Party Processing Identity Documents: **House Bill 161** would have allowed third parties to process identity documents including driver's licenses, but after passing the House, it failed to pass the Senate. In turn, the House amended **SB 43** to add the provisions of HB 161 to require that the Transportation Cabinet promulgate administrative regulations to establish practices for third-party entities to issue identity documents. SB 43 was passed and signed by the governor.

Driving Under the Influence: **House Bill 220** would have eliminated that a fourth offense for driving under the influence is a felony and instead make it a felony on the third offense within a 10-year period. Additionally, it would have required a minimum prison stay of 120 days for a third DUI offense. It passed the House, but after passing the Senate Transportation Committee, it did not pass the full Senate.

House Bill 456 would have made driving with a suspended driver's license an aggravating circumstance. It would have also extended the use of an ignition interlock for driving from four months to six months and reduce the fee for installation of ignition interlock to $100. The bill passed the House, but the Senate did not take up the measure.

Driver's Licensing Locations: With the advent of REAL-ID licenses, Kentucky shifted driver's licensing responsibilities from circuit clerks to the Cabinet for Transportation to fulfill this new responsibility, creating regional driver's licensing locations for residents to get a license. It has been a great frustration for constituents, and legislators have tried to create solutions to the problem. **House Bill 459** would have required the Transportation Cabinet to create driver's licensing offices within each county clerk's office, but it was withdrawn by the bill sponsor. Another measure, **HB 518** would have required the Transportation Cabinet to establish driver's licensing offices within each circuit clerk's office, and after being referred to the House Transportation Committee, it did not advance. **Senate Bill 166** would have required that the

Transportation Cabinet establish a driver's licensing office in every county with a population greater than 50,000, but it failed to get out of committee as well.

Distracted Driving: **House Bill 496** and **SB 99** would have made the use of any personal communication device while driving illegal, but only SB 99 partially advanced. Senate Bill 99 passed the Senate Transportation Committee with a committee substitute that allowed for the use of a global positioning system in the vehicle. Sen. Donald Douglas, sponsor of the legislation, filed a floor amendment to establish a 60-day license revocation period and allowed first-time offenders to complete a training course and have their license reinstated. After passing the committee, the Senate failed to take a floor vote on the bill.

Automatic Speed Enforcement: **House Bill 664** allows for the Transportation Cabinet to have automatic speed enforcement cameras for catching speeding violations in work zones, but only if there are workers present. It passed into law and was signed by the governor. **Senate Bill 21** and **SB 227** would allow for speed enforcement cameras to be installed at intersections for the purpose of catching speeders and sending violations in the mail, but they both failed to receive a committee vote.