

**Kentucky Restaurant Association  
2026 General Assembly  
Session Summary**

The Kentucky General Assembly concluded the 60-day long session in the late hours on April 15, 2026, and KRA members are fortunate for the legislative victories that were accomplished. The long session is when legislators craft a two-year budget and they did so this session. However, revenues did not meet the triggers to lower the personal income tax. Regardless of the less-than-desired revenue projections, the legislature did adopt HB 500, the budget, and HB 900, the one-time spending bill. Along with these two bills, the legislature adopted HB 757 that makes changes to state revenues including applying the sales tax to data brokering services.

For KRA, there were policy changes that were accomplished, including passing a provision within HB 757 to establish a penny-rounding method and liability protections for retailers that do round.

Oftentimes the greatest legislative victories come in the form of what did not cross the finish line, which was true for restaurants. This included stopping legislation that would have restricted the sale of ultra-processed foods. There was also a proposal to expand the restaurant tax to all cities except Louisville and Lex

An alcohol tax reform package that would have shifted taxes from the manufacturers to the retail tier failed in the Senate, even though it passed the House. House Bill 9 was a great concern for restaurants and in the end a proposal was put forth to keep taxes where they currently are. Even though discussion on the proposal continued into the final hours of the legislative session, it did not pass.

All bills that have an emergency clause took effect upon the governor's signature and any legislation that does not contain an emergency clause takes effect on July 15, 2026. Below are links to the subsections of the 2026 Session Summary document that you can use to click directly to issues of interest.

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**ALCOHOLIC BEVERAGE SALES ISSUES**

**Alcohol Tax Reform:** During the 2025 interim session, discussion on alcohol tax reform centered on changing the alcohol tax structure. Part of the discussion included allowing grocery and convenience stores to sell wine and spirits-based, ready-to-drink beverages, but this provision was not formally included in the legislation originally filed during the 2026 session. The legislation would have removed the alcohol taxes at the manufacturers' or producers' level,

reform the wholesale tax to \$.004 per milliliter of alcohol and add a state alcohol regulatory fee of 4% at the retail level. The measure also expanded the local alcohol regulatory fee to all cities and counties, allowing new cities to levy an alcohol regulatory fee of 1%, and for cities already collecting alcohol regulatory fees, allowing them to keep the current rate or levy up to 3% which would be collected and remitted by restaurants.

The measure was originally filed as [HB 612](#) and sponsored by House Licensing & Occupations Committee Chair Matt Koch (R-Paris). It also included taxes on hemp-derived products whether they had an intoxicating effect or not at a rate of \$.16 per milliliter or milligram of delta-8 or delta-9 THC. Another provision of the bill proposed to levy a tax of no less than \$.04 per milligram of mitragynine to \$8 per milligram of mitragynine based on the concentration of Kratom and the constitution of the product. One non-related tax provision would have permanently banned retailers from obtaining an alcohol license if the retailer sold to minors 3 or more times in a 24-month period per location. [House Bill 612](#) received opposition from retailers and restaurants and the bill was referred to the House Licensing & Occupations Committee, but it never received a hearing.

This was not the end of alcohol tax reform, however, as House Appropriations & Revenue Committee Chair Jason Petrie (R-Elkton) introduced [HB 9](#) that was co-sponsored by Rep. Koch and House Speaker David Osborne (R-Prospect). [House Bill 9](#) did have minimal changes from [HB 612](#), including adding testing requirements for hemp-derived products. The tax provisions and the permanent ban on licensing for selling to minors remained in [HB 9](#). The bill passed the House Licensing & Occupations Committee over the objections of a restauranter and cannabis-infused beverage manufacturer who testified against the bill. On the same day, the legislation passed the House 63-31, sending the measure to the Senate.

While the Senate was considering the measure, supporters of expanding channel access for the sale of wine and spirits-based, ready-to-drink products continued to push the Senate for passage of the measure so long as the expanded access was included. Opponents continued to put pressure on the Senate, and it soon became clear that the measure did not have the Senate votes necessary to pass. So, supporters of the alcohol tax shifting legislation changed plans. The House reached out to the Senate and stakeholders with another proposal – eliminate the tax shift to the retail level by removing the state alcohol regulatory fee and replacing it with fees at the wholesale level. Also, the local alcohol regulatory fee would remain unchanged, except for all cities and counties already with a local alcohol regulatory fee would be capped at 5%. This proposal was in play up until the last minutes of the session, but the Senate chose not to act on any alcohol tax proposal.

The concept of alcohol tax shifting leaves big questions for consumers. Currently, Kentucky produces 95% of bourbon worldwide, meaning that taxes at the manufacturer level are shared globally. A proposal shifting taxes to the retail level had the potential for Kentucky customers to bear the brunt of the tax changes, since the proposal's goal was not to generate any additional revenue at the state level. This assumed that when the taxes were removed at the manufacturing level, those savings would be passed down through the three-tier alcohol system and subsequently on to consumers, but this was just an assumption and there was no real evidence that this would actually happen. If the savings were used to gain extra margin as opponents suggested, Kentucky consumers would be left with increased alcohol costs.

**Alcohol Licenses – Caterers:** [Senate Bill 109](#), introduced by Senate Licensing Occupations Committee Chair Julie Raque Adams (R-Louisville), would set deadlines and make clear alcohol licensing provisions for caterers. Adams also introduced [SB 145](#) that was one of the first bills to be fully adopted by the legislature.

The caterers' provisions included changes allowing caterers to sell alcohol at events on Sundays in wet territories, regardless of local laws prohibiting Sunday sales of alcohol. The Department of Alcohol Beverage Control (ABC) would be prohibited from requiring a minimum number of customers or limiting the number of catered events in a certain time period. Additionally, [SB 145](#) requires the ABC to approve or deny all licenses within 45 days of receiving an application. The bill includes an emergency clause, so it became effective when the governor signed the legislation.

**Cannabis-infused Beverages:** In the 2025 legislative session, the General Assembly established a regulatory scheme for cannabis-infused beverages (CIBs), restricting the sale of CIBs to liquor stores only, as the products became a stiff competitor to alcohol beverages. Retailers authorized to sell CIBs would only be allowed to sell CIBs with no more than 5 mgs of THC per 12-ounce serving. The legislation also temporarily authorized the sale of the products at fairs and festivals. In the 2026 legislative session, [SB 223](#) proposed to permanently authorize the sale of CIBs at fairs and festivals. It would have also authorized hemp retailers to get a non-quota license for the sale of the beverages, so long as 70% of revenues generated by the stores are from the sale of hemp. It would create a permanent sampling license for distributors, manufacturers, and retailers. Finally, it would authorize the sale of CIBs by the drink at restaurants and bars. The bill passed the Senate with amendments that removed the emergency clause from the legislation, but the House chose not to take up the measure and so it failed.

In the House, [HB 896](#), filed by Rep. Al Gentry (D-Louisville), would have established testing standards for hemp within the Department of Public Health. It would have reduced the fee for an annual cannabis-infused beverage retail package license from \$2,000 to \$500. It would have also allowed cannabis-infused beverage retailers to sell the products without obtaining an additional quota retail package license. The bill would also have made changes to hemp sales in general. It was referred to the House Licensing & Occupations Committee but was not considered for a hearing.

**Adult Performances:** Representative Scott Sharp (R-Ashland) introduced [HB 360](#) that would have prohibited sexually explicit performances from being viewed by minors. This would include drag shows where a person of one sex dressed to impersonate another sex. The legislation would establish criminal penalties for sexually explicit adult performances that had the potential of being viewed by a minor. The first offense would have been a Class B misdemeanor; the second offense would have been a Class A misdemeanor and the third and subsequent offenses would be Class D felonies. The legislation included an emergency clause, meaning that if adopted it would take effect upon the governor's signature. The bill was assigned to the House Judiciary Committee, where it died.

**Donations to Conferences:** [House Bill 500](#), the state budget, authorizes restaurants to make alcohol donations to state, regional, or national conferences. This will allow retailers, restaurants, and caterers to donate alcoholic beverages to the 2026 Southern Legislative Conference, which meets in Lexington on July 11-15, 2026.

**Quota Licenses:** Two bills, both introduced by House Democrats, addressed quota retail package licenses in very different ways. House Bill 38 would allow qualified historic sites authorized to sell alcohol by the drink to sell wine and spirits products at its location and for private events ([HB 38](#)). In contrast, [HB 933](#) would have limited the number of liquor stores in a community by prohibiting quota retail package licensees from being located within one mile of each other. No action was taken on either bill.

**Cigar bars:** Rep. Chris Lewis (R-Louisville) once again introduced legislation authorizing the indoor use of cigars in communities with a smokefree ordinance in place. [House Bill 194](#) would allow cigar bars where only persons 21 years of age or older are permitted on the premises so long as they generate 25% of their sales from the sale of cigars and pipe tobacco and does not allow for smoking of cigarettes or vaping of tobacco. Local governments could still regulate the premises so long as it does not conflict with the statute. It also would permit local governments to require cigar bars to get a permit from the local government. Smokefree advocates opposed the measure. The bill passed the House but failed to advance in the Senate.

## **CONSUMER PROTECTION ISSUES**

**Dynamic Pricing:** Rep. Adam Moore (R-Lexington) introduced [HB 33](#) that would prohibit the use of dynamic strategies by retailers for price increases. Dynamic pricing, or algorithmic pricing as some have called it, would have amended the Kentucky Consumer Data Privacy Law to prohibit companies that control consumer data – called “controllers” – from using surveillance pricing for price increases. This would include a computational process, algorithms, statistics, and data processing techniques to facilitate human decision making to create prices based on individual data. The individual data could be geolocation data, search history, data hardware, or electronic tracking data. The bill defines surveillance pricing to mean offering a customized price through sensors, cameras, or other devices to set price increases. Retailers would be prohibited from using surveillance pricing to set individual prices, except for loyalty or discount programs, verifiable market factors, inventory, or competitor pricing. Prices could have changed for legitimate overhead costs increases. The bill was titled the Kentucky Price Fairness Act. It was assigned to the Small Business and Information Technology Committee, but it did not receive a committee hearing. Although a Democrat introduced the legislation, it was co-sponsored by several Republicans.

**Social media:** The issue of social media and children’s interaction with it was discussed during multiple interim joint committee meetings. There are a few states that have passed legislation, including Texas, but that state’s law is currently in federal court where it will be determined if the law is constitutional. For retailers, the question becomes is the law written so broadly that it encompasses retailers’ website tools such as chat services or other online purchasing technologies. [House Bill 227](#), sponsored by Rep. Matt Lockett (R-Nicholasville), was the measure that moved through the legislative process this session. The bill was opposed by Meta and other tech companies as it would require social media companies to obtain verifiable parental consent for a minor’s use of social media. The bill would require social media companies to estimate the age of users within 90% certainty to determine who needs parental

consent. Originally the bill also applied to Artificial Intelligence chatbots, but the bill was amended in the House to remove this language. It was also amended to remove a private right of action for violators of the law. After the bill passed the House, it was referred to the Senate Judiciary Committee, where it remained until the end of the legislative session.

Another measure introduced by Rep. Stephanie Dietz (R-Edgewood) was pushed by Meta and would require app developers and app stores to verify the age of users. [House Bill 632](#) included verifying the age of online purchasers by retailers, and because retailers are app developers, they would be required to verify the age of all users. This legislation mirrors the Texas legislation that is currently tied up in federal court and did not advance in the 2026 legislative session.

Democrat Rep. Adam Moore (D-Lexington) introduced [HB 232](#) that would have prohibited social media platforms from providing minors with addictive scrolling feeds and push notifications between the hours of 12 a.m. to 6 a.m. without parental consent. The idea is to reduce exposing minors to the addictive features of social media. It did include a private right of action, but the bill failed to advance in the 2026 legislative session.

Finally, [HB 633](#) was introduced by Rep. Vanessa Grossl (R-Georgetown). Titled the Kentucky Kids Code, it would have required social media companies to set privacy settings to the highest standards for minors. It would require the social media companies to protect minors against policies such as algorithmic feeds, dark patterns and other tools that target minors with data-specific social media posts. The developer would be required to create tools to protect minors from profiling and push notifications. The bill was assigned to the Small Business & Information Technology Committee, where it remained until the end of the legislative session. Grossl also filed [HB 559](#) that is mostly the same legislation, but it did not advance either.

**Virtual Currency Kiosks:** Two measures were introduced – one in the Senate and one in the House – to regulate virtual currency kiosks. These are ATM-like machines where a person can deposit U.S. dollars in exchange for digital bitcoin. Concerns from advocates for senior citizens argued that the machines are used to facilitate scams against senior citizens. The legislation requires that virtual currency kiosk operators be licensed by the Department of Financial Institutions. Retailers often serve as hosts of these machines and there were concerns that they could be required to get a license, so both measures were amended to state that simply hosting a virtual currency kiosk does not require a license. As both bills were blended into one, the amended version was passed in [SB 189](#) and signed into law by the governor. ([SB 189](#); [HB 380](#))

**Automatic License Plate Readers (ALPRs):** Rep. John Hodgson (R-Fisherville) once again introduced legislation to regulate the use of automatic license plate readers ([HB 58](#)). The bill restricts the use of ALPRs used to deter crime and regulate parking lots, but the data can only be kept for 90 days. The data can be shared with law enforcement for the purposes of prosecuting crimes, but it cannot be sold. Law enforcement would be allowed to use automatic license plate readers. The bill establishes penalties for violation of the statute of \$20 to \$2,000 and/or up to one year in jail. This bill contrasts with [HB 375](#), sponsored by Rep. T.J. Roberts (R-Burlington), which would have prohibited the use of automatic license plate readers. Under his bill, a person would be allowed to bring a civil action for harm that could include compensatory and punitive damages. It would also establish a Class D felony and set a fine of \$10,000. The bill was assigned to the House Transportation Committee, but it did not receive a committee hearing.

**Artificial Intelligence:** Rep. John Hodgson (R-Fisherville) filed [HB 63](#) that would have prohibited the dissemination of deep fakes – artificially generated images that are indecipherable from real images. Willfully and intentionally disseminating deep fakes could lead to compensatory and punitive damages, and the legislation would also have established criminal penalties for violations. The bill was assigned to the House Judiciary Committee, and it failed to advance further.

## **CREDIT & COLLECTION ISSUES**

**Swipe Fees on Sales Taxes & Tips:** The issue of legislation being introduced prohibiting the application of taxes and tips to credit card swipe fees were fueling the Frankfort rumor mill to the point where Visa and other credit card companies increased their lobbying presence this session. The rumors were part of the alcohol tax change discussions that would have increased the subsidization by retailers of state and local taxes, but there was never any legislation introduced. As an Illinois court case on a law exempting the credit card processing fee from state and local taxes and tips winds its way through the court system, Kentucky legislators want the courts to give their final opinion on whether states can take such action.

**Merchant Processing Agreements:** Rep. Nick Wilson (R-Williamsburg) introduced [HB 736](#) to address concerns regarding predatory merchant credit card processing contracts for small businesses. The bill would have prohibited a credit card processor from assessing fees, fines, and penalties under a merchant processing agreement that exceeds \$500 or the unreimbursed cost of credit card processing equipment. The processor could not charge fines and penalties simply because the retailer wanted to cancel or not renew the contract. Any terms or conditions that were not compliant with the law would have been considered null and void. The processor would be required to provide transparent disclosure of the terms of the contract to retailers. The legislation would have only applied to merchant processing agreements where the retailer has annual transactions of \$2.5 million or less and fewer than 30 employees. The bill was assigned to the House Banking and Insurance Committee, but it did not advance.

**Automatic Expungement:** The 2026 legislative session once again saw the introduction of “clean slate” legislation ([SB 290](#)) that would automatically expunge eligible convictions without a request from the offender, so long as the offender did not have any misdemeanor or felony convictions for 5 years after their sentence was completed or they were paroled. The legislation would require a criminal history provider to delete the conviction information within 30 days of receiving notice of the expungement from the circuit clerk. A criminal history provider who did not delete the information would be subject to violations. The bill delayed the implementation of the legislation until Aug. 2, 2032. It would also establish a task force. Senate Bill 290 passed the Senate Judiciary Committee despite some senators raising concerns about the implications of the legislation. A vote was not taken on the legislation in Senate, so the measure failed.

Another automatic expungement measure in the House did not advance either. [House Bill 718](#) would have established an automatic expungement process for non-violent felony convictions so long as the offender had not committed a misdemeanor or felony within the five

years after serving their sentence or being paroled. The bill died in the House Judiciary Committee.

**Currency:** [House Bill 751](#) was legislation that stated that a person can accept digital currency, credit card, or debit cards as forms of payment. It would also prohibit the charging of taxes, withholdings, fees for payment by digital currency credit or debit cards unless those same items were charged on cash transactions. The bill included language stating that no person would be required to accept digital currency. The bill was assigned to the House Banking and Insurance Committee, but it did not advance.

Another measure, [SB 99](#), would have established gold and silver as legal tender in Kentucky. The state treasurer would have been required to establish regulations on the acceptance of gold and silver. The treasurer would have also been responsible for selecting electronic payment processing networks. After being introduced, the measure did not advance.

## **CRIMINAL JUSTICE AND LOSS PREVENTION ISSUES**

**Organized Retail Crime Task Force:** The Association has worked with the Attorney General's office for multiple years to secure funding from the legislature for an organized retail crime task force. Unfortunately, lawmakers chose not to include dollars in [HB 500](#) for the task force despite lobbying efforts from the Association and the attorney general's office. The legislators' argument was that opioid settlement dollars could be used for such efforts. But according to the attorney general's office, based on the opioid abatement settlement agreements, these funds cannot be used for law enforcement actions. Additionally, in [HB 900](#), the one-time funding legislation, there is no funding for such a task force. The attorney general's office will continue to employ an officer to coordinate on organized retail crime actions.

**Automatic License Plate Readers (ALPRs):** Rep. John Hodgson (R-Fisherville) once again introduced legislation to regulate the use of automatic license plate readers ([HB 58](#)), and finally this session, it was signed into law by the governor. The bill restricts the use of ALPRs used to deter crime and regulate parking lots, but the data can only be kept for 90 days. The data can be shared with law enforcement for the purposes of prosecuting crimes, but it cannot be sold. Law enforcement would be allowed to use automatic license plate readers. The bill establishes penalties for violation of the statute of \$20 to \$2,000 and/or up to one year in jail. This bill contrasts with [HB 375](#), sponsored by Rep. T.J. Roberts (R-Burlington), which would have prohibited the use of automatic license plate readers. Under his bill, a person would be allowed to bring a civil action for harm that could include compensatory and punitive damages. It would also establish a Class D felony and set a fine of \$10,000. The bill was assigned to the House Transportation Committee, but it did not receive a committee hearing.

**Criminal Trespass:** A pair of House bills took on trespassing but came up short of becoming law in this session.

[House Bill 306](#) would have expanded the penalties for criminal trespassing on repeated offenses when it includes threatening or violence. It would allow an employee who is threatened by an individual who continues to remain on the property and could create a risk of imminent harm to the employee to allow the employer or its representative to immediately require the person to leave the premises. Sponsor Rep. Michael Meredith (R-Oakland) said the intent of the legislation was to protect employees who may be threatened by a partner or spouse who comes to

their place of employment. If the offender trespasses a second time or more within three years, it would be third degree criminal trespass, which is a Class B misdemeanor. The bill passed out of the House in the first weeks of the session, but the Senate never referred the bill to a committee.

**House Bill 50** proposed a legal process for property owners to remove unauthorized occupants. The bill allows property owners or their authorized agents to petition law enforcement for immediate removal of individuals unlawfully occupying their property, provided these occupants are not tenants, have no occupancy agreement, are not immediate family members, and there is no pending litigation related to the property. Both law enforcement officers and property owners acting in good faith are granted immunity from liability for actions taken under this procedure. The bill included a civil remedy for individuals wrongfully removed, allowing them to seek restoration of possession, court costs, and attorney's fees if they file within 60 days. The procedures explicitly exclude tenants or those with occupancy agreements. The bill passed the House unanimously but was never assigned to a Senate committee.

**Automatic expungement:** The 2026 legislative session once again saw the introduction of “clean slate” legislation (**SB 290**) that would automatically expunge eligible convictions without a request from the offender, so long as the offender did not have any misdemeanor or felony convictions for 5 years after their sentence was completed or they were paroled. The legislation would require a criminal history provider to delete the conviction information within 30 days of receiving notice of the expungement from the circuit clerk. A criminal history provider who did not delete the information would be subject to violations. The bill delayed the implementation of the legislation until Aug. 2, 2032. It would also establish a task force. Senate Bill 290 passed the Senate Judiciary Committee despite some senators raising concerns about the implications of the legislation. A vote was not taken on the legislation in Senate, so the measure failed.

Another automatic expungement measure in the House did not advance either. **House Bill 718** would have established an automatic expungement process for non-violent felony convictions so long as the offender had not committed a misdemeanor or felony within five years after serving their sentence or being paroled. The bill died in the House Judiciary Committee.

**Restitution:** **House Bill 853** aimed to clarify and improve the process for victims of property-related crimes to obtain restitution and damages. The bill focused on cases where a person is convicted of a misdemeanor or felony involving injury, destruction, or damage of property. It established a clear procedure for victims to file a verified petition for restitution within 90 days of the defendant's sentencing. If the defendant does not agree to the restitution amount, the bill allows for a jury trial to determine the appropriate damages. The bill preserved the victim's right to pursue civil remedies regardless of whether restitution is sought through the criminal court process. The bill was assigned to the House Judiciary Committee but did not receive a hearing.

## **DEVELOPMENT & GROWTH ISSUES**

**Planning & Zoning:** After the passage of legislation in 2024 to restrict local governments from using planning and zoning regulations to discriminate against fueling stations, it was thought that attempts to restrict the presence of fueling stations in communities would cease. Instead, Lexington restricted the distance between fueling stations, prohibiting them from

being located within 1,000 feet of each other on the same side of the road. House Majority Floor Leader Steven Rudy (R-Paducah) introduced [HB 911](#) to address comprehensive concerns about city planning and zoning. The legislation comprehensively addressed concerns retailers have held for years as cities are making it more difficult to construct retail locations.

The legislation would have addressed several concerns of retailers, including – prohibiting bans or limits on retail filling sites within a jurisdiction if other businesses aren't restricted within the same zoning category; restricting drive throughs; requiring construction of electric vehicle charging stations at fueling stations; prohibiting cities from proposing a maximum number of fuel pumps; prohibiting construction near public lands; requiring open spaces; requiring bike racks; requiring construction of sidewalks larger than 5 feet; requiring keeping more than 10% of the tree canopy; requiring the construction of elevated walkways; imposing maximum off-street parking and requiring local governments to fully comply with their own planning and zoning regulations.

The bill was assigned to the House Local Government Committee after receiving two readings, but the committee did not call the measure for a vote. The Association will continue working on passage of the legislation as cities continue to use planning and zoning to ban businesses from locating in their communities.

**Land Use:** [Senate Bill 224](#) would have clarified to the owner or property development applicant the development standards in place at the time of the application for a building permit, development plan, or subdivision plan. The bill would have also limited the parties who can protest development to those whose property is near the development. This would limit challenges to the development from outside organizations or persons. The bill passed the Senate, but it failed to receive a committee hearing in the House.

**Disaster Prevention:** During the 2025 legislative session, the legislature created the Disaster Prevention and Resilience Task Force which met over the interim session and developed recommendations to improve long term disaster prevention. However, the task force's recommendations did not become law in the 2026 legislative session. Instead, the co-chairs of the task force, Sen. Robin Webb (R-Grayson) and Rep. Chris Freeland (R-Benton), introduced [SCR 96](#) and [HCR 66](#), respectively, to reauthorize the task force for the 2026 Interim Session, but neither measure was adopted. The Legislative Research Commission could reauthorize the task force to meet during the 2026 legislative interim.

**Water Regulation:** House Democrat Sarah Stalker (D-Louisville) introduced [HB 552](#) that would have repealed recent water regulation restrictions by state agencies to only navigable waterways, but the bill never received a committee hearing. In contrast, [SB 178](#) would have restricted all environmental regulations, including water, from being more restrictive than federal regulations. It received readings and was referred to the Senate Natural Resources & Energy Committee but never received a committee hearing.

**Community Improvement Districts:** [House Bill 843](#) would have allowed local governments to develop community development districts using green bonds or social impact bonds for the development of public housing, infrastructure, and public health and safety needs. The bill was referred to the House Local Government Committee but was not posted for a hearing this session.

## **ENERGY AND ENVIRONMENT ISSUES**

**Plastic waste:** Democrats once again filed a bill banning plastics, and just like previous sessions, the legislation went nowhere. [House Bill 287](#) would have banned retailers from providing plastic bags to carry out purchased goods and banned retailers that sell food from providing customers with plastic straws and Styrofoam containers. It would also have banned releasing plastic balloons into the atmosphere. Violators would have been fined \$100 per day for the first and subsequent offenses. The bill was assigned to the House Natural Resources and Energy Committee but never heard.

**Disaster Prevention and Resiliency Task Force:** Two concurrent resolutions, one in the House ([HCR 66](#)) and another in the Senate ([SCR 96](#)), would have reestablished the Disaster Prevention and Resiliency Task Force, but neither advanced to the governor's desk. The House version died after being sent back to the House Appropriations and Revenue Committee on the final day of the session. The Senate resolution was never assigned to a committee. Even though the resolutions did not pass, the Legislative Research Commission does have the authority to form the task force during the interim session.

The task force was formed to study preparedness, mitigation, response, recovery, risk assessment, infrastructure resilience, and planning for natural disasters that impact the Commonwealth. Rep. Chris Freeland (R-Benton), sponsor of the House resolution, filed a floor amendment to, among other things, expand the research subjects for the task force and require it to hold two public meetings in areas of the state that have been impacted by natural disasters.

**Environmental Covenants:** [Senate Bill 222](#), enacted during the 2026 Regular Session, makes it more difficult for previous owners who polluted property to object to how the land is used after new owners take over. The legislation revises and clarifies the procedures for amending, terminating, and assigning environmental covenants – legal agreements that impose land use restrictions to protect human health and the environment, often as part of environmental remediation efforts.

The legislation allows environmental covenants to be modified or terminated without further court approval if the changes do not adversely affect human health or the environment, or if land use restrictions are being removed or reduced and the cabinet (the relevant state agency) determines such restrictions are no longer necessary. It also authorized the Franklin Circuit Court is authorized to terminate or reduce the burden of an environmental covenant under the doctrine of changed circumstances, provided all relevant parties are notified. The bill establishes a notice and objection process for amendments, including a 30-day period for objections and a 45-day period for the cabinet to make a final determination. If objections are raised, judicial review is available, with the burden on the objector to show adverse effects.

This bill was one of the rare pieces of legislation sponsored by a Democrat that became law. Senator Keturah Herron (D-Louisville) sponsored the bill, which drew bipartisan co-sponsors before being signed into law by the governor.

**Environmental Regulation:** Despite passing out of the Senate Natural Resources and Energy Committee, a bill that would ensure that a state environmental regulation could not be more stringent than a federal regulation was pulled by the sponsor before it could get a full vote by the Senate.

Senator Greg Elkins (R-Winchester) filed [SB 178](#) stating regulations intended to protect human health, safety or welfare, must show a direct causal link between exposure levels and bodily harm, and must be supported by generally accepted scientific provisions. Elkins said there was a lot of misunderstanding about the bill and decided to hold it for more discussion before filing the legislation in a future session.

## **FOOD SALES AND SERVICE ISSUES**

**SNAP:** During the 2025 interim session, Supplemental Nutrition Assistance Program (SNAP) benefits was a primary focal point during the Make America Healthy Again Kentucky Task Force. Multiple meetings were spent hearing from speakers on the allocation of benefits, eligibility requirements, restrictions on eligible products, shopping patterns and healthy habits of recipients and reports alleging abuse of benefits. In fact, so much time had been spent discussing SNAP, grocers and convenience stores were bracing for legislation that would restrict what the benefits could be used on, eligibility and other measures to restrict SNAP benefits.

In fact, the opposite happened as only a measure on the state's SNAP employment and training program passed both chambers. [House Bill 781](#), sponsored by Rep. Matt Lockett (R-Nicholasville), was signed into law by the governor. The bill aims to enhance the state's approach to supporting SNAP recipients in gaining employment and improving their job skills. It also looks to use public and private entities to partner on these efforts. The legislation outlines the state's responsibilities in developing and implementing a comprehensive SNAP Employment and Training plan, including coordination with relevant agencies and community organizations.

Senator Shelly Funke Frommeyer (R-Alexandria) also filed [SB 322](#) at the bill filing deadline that was similar to Lockett's bill but was never referred to a committee.

There were other bills on SNAP filed but were not considered. Funke Frommeyer filed [SB 257](#) and [SB 265](#) that would have restricted SNAP eligibility and SNAP purchasing restrictions on food but did not receive a committee vote. **Senate Bill 257** would place further restrictions on SNAP eligibility monitoring focusing on two-state enrollments and more frequent reviews of eligibility checks. It would establish higher gross income levels than the federal level and the federal poverty level limit would shift from 200% of the federal poverty level to 130%, while also applying higher asset limit tests than the federal minimums. The cabinet would be prohibited from seeking work requirement waivers without the approval of the General Assembly. SNAP families would have eligibility verified every 4 months, except for the disabled and elderly.

The bill did receive a hearing before the Senate Families and Children Committee. Funke Frommeyer framed her argument on new funding requirements because of the Big Beautiful Bill that required states to pay more of the program based on error rates She cited 2024 data that showed Kentucky at a 9% error rate. However, opponents of the bill said the current error rate for this year that had been shared with the House Appropriations and Revenue Committee was under 5%, meaning the state will not have to pick up any of the funding. Opponents also shared how the bill would impact food banks and families that would have to count cars or family land as assets that would boot them off SNAP. Sen. Robin Webb (R-Grayson) said she volunteers at a food bank and has seen increased demand in recent years, and with the rising costs of groceries and gas, she was not sure this was the time to tighten eligibility.

Kentucky would have had the most restrictive SNAP restriction waiver in the country if **Senate Bill 265**, also sponsored by Funke Frommeyer, had passed. It would require the Cabinet to apply for a waiver by Nov. 30, 2026, that would prohibit the sale of any accessory foods as defined by 7 C.F.R. sec. 271.2, which are non-staple foods, generally snack foods or desserts including but not limited to, soda, candy, coffee, or any other food of minimal nutritional value. A multi-ingredient product is determined to be accessory if the main ingredient in the product is an accessory food. Staple foods are fruits, vegetables, dairy, meats, bread, or cereals.

**House Concurrent Resolution 9** urged the United States Congress to reinstate the exemption for veterans from the able-bodied adults without dependents (ABAWD) time limits under the Supplemental Nutrition Assistance Program (SNAP). The resolution highlighted the challenges many veterans face, including higher rates of unemployment, economic hardship, and health issues, which can limit their ability to consistently participate in the workforce. It emphasized that veterans experiencing homelessness often rely on SNAP benefits for food security. The resolution argued that removing this exemption could jeopardize nutrition assistance for veterans actively seeking stability, negatively impacting their health and reintegration into civilian employment. The resolution was assigned to the Veterans, Military Affairs, & Public Protection Committee but never heard.

A pair of Democratic-sponsored bills – one in each chamber – would set up a process to fund SNAP in case of a federal government shutdown or other funding lapses. **House Bill 522**, filed by Rep. Anne Donworth (D-Lexington), and **SB 135**, filed by Sen. Cassie Chambers-Armstrong (D-Louisville), would allow the governor to use up to 5% of the budget reserve trust fund to ensure continuity of the SNAP program in case of a federal government shutdown or temporary suspension of federal funding. Such an action would be considered a temporary loan and repaid back into the reserve trust fund within 90 days of federal funding being restored. The governor would be required to notify the legislative bodies within 10 days of authorization. Neither bill received a committee hearing.

**Make America Healthy Again Kentucky Task Force:** Sen. Shelley Funke Frommeyer (R-Alexandria) filed **SCR 193** to continue the MAHA task force that she co-chaired during the 2025 interim session. Other Senators cosponsoring the resolution included fellow task force members Sens. Donald Douglas (R-Nicholasville) and Craig Richardson (R-Hopkinsville). Once the resolution was filed, it languished in the Senate Committee on Committees and was never referred to a standing committee for a hearing. However, the Legislative Research Commission has traditionally created task forces without legislation so the executive committee comprised of House and Senate leadership could reestablish the task force during this year's interim session.

**Ultra-Processed Foods:** Another frequent topic during the Make America Healthy Again Kentucky Task Force meetings was ultra-processed foods. The subject kept coming up in discussing what products SNAP benefits should be spent on and how to improve eating habits of residents, especially children. So, Rep. Steve Doan (R-Erlanger) filed **HB 277** that would ban ultra-processed foods in schools starting in the 2027-28 school year. The legislation defines 'ultra processed' as foods containing brominated vegetable oil, potassium bromate, and food dyes. This ban would include food in vending machines, school stores, canteens, and any fund-raisers. It would also limit access to fast food to one day per week, but the bill does not affect fund-raisers off school property and outside school hours. It was assigned to the Primary and Secondary Education Committee but never received a hearing.

**Kentucky-grown Products in School Meals:** One of the early bills to pass in this session was [SB 5](#), a Senate priority bill (due to the single digit bill number). The bill will make it easier for a school system participating in the United States Department of Agriculture’s Child Nutrition Program to purchase Kentucky-grown products for school meals. Kentucky’s Ag Commissioner, Jonathan Shell, said the Agriculture Department and Department of Education have been working together to remove barriers for schools to be able to make these types of purchases. The House adopted a committee substitute to the bill that added an emergency clause, and it went into effect immediately after the governor signed it into law.

**Food as Medicine Resolutions:** The House and Senate each had resolutions ([SJR 23](#) and [HJR 25](#)) filed supporting the Food as Medicine program. The resolutions would direct state agencies to promote the use of local food products in health care systems and to support initiatives like medically tailored meals and produce prescriptions for high-risk populations. They also require data to be collected to make sure Kentucky leads the nation with programs focusing on nutrition-focused healthy outcomes with positive farmer prosperity outcomes as well. In the end, it was SJR 23 that passed both chambers and was signed by the governor. The House added a floor amendment to integrate community supported agriculture purchases in the wellness rewards programs offered to public employees and retirees who get health insurance through the Kentucky Employees Health Plan.

**Poultry:** Lawmakers have been trying for a couple of sessions to allow chicken to be sold at farmstands without certain processing requirements, and this year they were finally successful.

Two bills were filed in the House – [HB 639](#) and [348](#) – both would allow certain USDA-exempted poultry processors to sell to “end customers” at a farmers’ market, on a farm or at a roadside stand. Those bills were not moving, so the House Agriculture Committee added that language in a committee substitute to [SB 73](#). Senate Bill 73 addresses tallow-based cosmetic products and their sale by home processors. If the processed chicken is sold to an “end customer” at a farmers’ market or roadside stand, it must be frozen and shall not be subject to any additional certification or inspection other than what is required under federal code 9 C.F.R. sec 381.10. Additionally, local governments would be prohibited from requiring any food safety inspections.

The bill passed the House and the Senate concurred, sending it to the governor who let it become law without his signature.

**Calorie Information on Restaurant Menus:** [Senate Bill 144](#), sponsored by Sen. Julie Raque-Adams (R-Louisville), would require that restaurants who are required to provide calorie information on their menus to also have an alternate menu without calorie information available upon request in written or electronic form. In addition, the establishment would be required to have an 8.5x11 sign displayed that can be easily seen stating that these alternate menus are available. The bill was not assigned to a committee.

**Cultured Meats:** [House Bill 309](#) would have effectively banned commercial production and sale of cultured meat products produced from in vitro cell cultures. Any product containing

cultured meats would be legally defined as misbranded meat. The bill advanced out of the House Agriculture Committee but never received a floor vote and was sent to the Appropriations and Revenue Committee on the final day of the session.

**Restaurant Tax:** There was anticipation that lawmakers would expand the restaurant tax and give cities greater latitude on what the proceeds could be used for. And even though [HB 808](#) received a first reading in the House Local Government Committee, it did not get a hearing and died. Sponsored by Rep. Derek Lewis (R-London), the bill would have expanded the restaurant tax at the current rate of no more than 3% on all prepared foods to all cities, except Louisville and Lexington. Also, it would have allowed these jurisdictions to spend these revenues on general fund purposes. Currently, only cities formerly classified as fourth and fifth class cities are authorized to levy a restaurant tax up to 3% on all prepared foods sold in restaurants, gas stations, or grocery stores. The funds can only be used for tourism purposes because the idea was to give communities without lodging, meaning they do not benefit from tax on hotel stays, a tourism funding mechanism. There is a pending lawsuit regarding the restaurant tax because the City of Hazard said that it should be allowed to levy a restaurant tax because they meet the population threshold requirements but was not formerly classified as a fourth or fifth class city. The Court of Appeals ruled that the General Assembly can authorize cities in any manner they choose, as the Office of the Attorney General argued. The city has appealed the appeals court ruling to the Kentucky Supreme Court.

**Plastic Waste:** Carryout food containers, single-use plastic bags, and plastic straws were once again targeted by a Democratic bill banning their use. But just like past sessions, this year's version ([HB 287](#)) never moved. The ban on single-use plastic bags would have gone into place by July 1, 2031; and the ban on plastic straws and Styrofoam food and beverage containers would have been in place by July 1, 2029. Violators would have been fined \$100 per day for the first and subsequent offenses. The bill was assigned to the House Natural Resources and Energy Committee but never heard.

**Food Donations:** Legislation designed to encourage food donations across the state passed both chambers unanimously and was signed into law by the governor. [House Bill 281](#) would exempt charitable food donors from licensing requirements or meeting the State Plumbing Code. Charitable food donors could be a nonprofit or religious organization or a home-based processor that produces food solely to distribute to a homeless shelter, individuals in need or to be distributed during a natural disaster if the donation is safe and the donor is in compliance with any other applicable provisions. It would also exempt them from civil or criminal liability as long as nothing was distributed with criminal intent. The hope is that this legislation will encourage more entities to participate in food donation efforts that would combat hunger and decrease food waste.

## **GENERAL BUSINESS ISSUES**

**Tort Reform:** Sen. Craig Richardson (R-Hopkinsville) introduced [SB 195](#) that would have made comprehensive changes to Kentucky's tort laws while attempting not to run afoul of the state Constitution. Kentucky's Constitution requiring access to the courts has been tested by tort reform legislation in the past, but the jural rights doctrine has been established as precedent

by the courts. Senate Bill 195, supported by the Association, would have significantly improved Kentucky's litigation environment for retailers. The reform proposal would have modified comparative negligence so that if the plaintiff was 50% or more at fault there would be no claim; it would have required pre-suit notifications; elimination of phantom damages, eliminate the ability of third parties to file claims against insurers for unfair claims settlement practices; and finally it would have amended the seat belt law to allow evidence of not wearing a seat belt to be calculated in comparative negligence. "Phantom damages" refer to the difference between the high "sticker price" of medical services billed to a patient and the lower, negotiated amount actually paid by insurance or accepted by the provider. These inflated, unpaid costs are often presented in personal injury lawsuits to maximize jury awards, despite no party actually owing or paying them.

The bill also would have expanded the certificate of merit law regarding medical malpractice to apply to not just physicians, but other healthcare providers, including pharmacists.

The trial attorneys fought hard against the legislation and questions remained about provisions of the bill violating the Constitution. It became clear that the legislation in its current form would not have the votes to pass. Instead, [SB 195](#) was amended to apply only to road contractors, restricting their liability if they meet the requirements established by the agency issuing the project. The measure passed both chambers and became law without the signature of the governor.

Two other measures providing legal liability protections also became law. [Senate Bill 199](#) aligns Kentucky's pesticide labeling standards with federal law and provides clarity for manufacturers, retailers, and consumers. It also protects Kentucky farmers from product price increases by limiting frivolous lawsuit exposure. [House Bill 78](#) provides liability protections to gun retailers, meaning that a retail clerk cannot be held liable for knowing if a person should be allowed to purchase a weapon based on behavior during the transaction. It also provides gun manufacturers with liability protections. Both measures were adopted by the legislature and vetoed by the governor, which the General Assembly easily voted to override.

**Foreign Laws:** [HB 539](#) would have prohibited the enforcement of court rulings, decisions, or contractual provisions that are based on or involve foreign laws, legal codes, or systems, including Sharia law, if such laws deny the fundamental rights guaranteed under the U.S. or Kentucky constitutions.

Another measure, [HB 283](#), would have prohibited residents from participating in transactions with foreign adversaries, if the transaction would result in the foreign entity having control of intellectual property, infrastructure, technology, or critical assets. It would require the Kentucky Infusion Center to evaluate such transactions. The bill was amended in the House Judiciary Committee to only include the provisions related to the Kentucky Infusion Center. In the Senate, the bill was referred to the Senate Economic Development Committee, but it did not receive a hearing.

**Ballot Initiative:** [Senate Bill 264](#), introduced by Sen. Karen Berg (D-Louisville), proposed to amend the Constitution to establish a process for citizen-led ballot initiatives for statutory changes that could be accepted or rejected by the voters. For a ballot-initiative process to be created voters would have to vote to amend the Constitution. The bill was never referred to a committee.

## **LABOR & WORKFORCE ISSUES**

**Childcare:** House Families and Children Committee Chair Samara Heavrin (R-Leitchfield) introduced [HB 6](#) and [HJR 50](#) aimed to improve childcare availability, quality, and improve the employer childcare incentive program. The bill aims to establish a voluntary quality-based early education childcare program that features objective and measurable intended outcomes with strategies that validate effectiveness, align with state licensing and certification requirements, offer financial incentives, training opportunities, outreach and digital tools. The measure prohibits the Cabinet for Health and Family Services from promulgating regulations for the program without approval from the legislature unless the regulations are on quality standards. The Cabinet must submit a modernization process plan that includes robust strategies for stakeholder engagement and timelines for milestones. The deadline for final recommendations of the modernization is Dec. 1, 2027. The cabinet is required to create certified childcare communities and the program requirements by Dec. 1, 2027, with applications opening Jan. 1, 2028. Each community would be required to have a childcare task force and develop a strategic plan. The bill increases membership of the childcare advisory council to 34 members. The bill also creates a process for microcenter childcare, providing non-traditional hours and the ability to request exemptions from licensing requirements.

Finally, HB 6 amends the employer childcare assistance program, requiring a third-party administrator to be contracted with. The bill streamlines the process for employer participation, making it easier for employers and childcare facilities. The bill passed the legislature with ease, but the governor let it become law without his signature

Also, Heavrin filed and passed HJR 50 that requires the state auditor of public accounts to submit a comprehensive report on childcare spending.

**Criminal Trespass:** [House Bill 306](#) would have expanded the penalties for criminal trespassing on repeated offenses when it includes threatening or violence, and while it did not pass, provisions of the bill were adopted in another measure and became law. It would allow an employer or their designee to remove the person threatening an employee and who continues to remain on the property and could create a risk of imminent harm to the employees. Bill sponsor Rep. Michael Meredith (R-Oakland) said the intent of the legislation was to protect employees who may be threatened by a partner or spouse who comes to their place of employment. If the offender trespasses a second time or more within three years, it would be third degree criminal trespass, which is a Class B misdemeanor. The bill passed out of the House in the first weeks of the session, and the Senate chose to adopt the language instead in [HB 521](#), a bill expanding the definition of stalking.

[House Bill 50](#) proposed a legal process for property owners to remove unauthorized occupants. The bill proposed allowing property owners or their authorized agents to petition law enforcement for immediate removal of individuals unlawfully occupying their property, provided these occupants are not tenants, have no occupancy agreement, are not immediate family members, and there is no pending litigation related to the property. Both law enforcement officers and property owners acting in good faith are granted immunity from liability for actions taken under this procedure. The bill included a civil remedy for individuals wrongfully removed, allowing them to seek restoration of possession, court costs, and attorney's fees if they file within 60 days. The procedures explicitly exclude tenants or those with occupancy agreements. The bill passed the House unanimously but was never assigned to a Senate committee.

**Worker Protections:** There were multiple measures introduced that would enhance worker protections and add civil rights. They mostly were introduced by Democrats, and none of these measures were adopted. Two measures were introduced that would prohibit employers from discriminating against candidates running for office and prohibit retaliation ([SB 356](#) and [HB 404](#)). Discrimination against workers based on sexual orientation was introduced in both chambers, but neither advanced ([SB 115](#) and [HB 653](#)). [House Bill 814](#) would prohibit dismissal of an employee without cause, but after being referred to the House Economic Development and Workforce Investment Committee, it failed to advance. Another House measure, [HB 813](#), would have prohibited employers from requiring employees to sign non-compete agreements, created civil penalties, and would have given employees a private right of action, but it failed. [House Bill 208](#) would have required employers to develop emergency action plans. Another measure, [HB 772](#), would have prohibited employers from discriminating against employees based on body weight. None of these measures were considered by the legislature.

[House Bill 468](#), sponsored by House Judiciary Committee Chair Daniel Elliott (R-Danville), did pass the House but failed to receive a Senate committee hearing. The bill would conform Kentucky's American with Disabilities Act with the federal ADA, including its definitions. Additionally, the legislation would eliminate the Human Rights Commission as a place for consideration of violations of the ADA and instead allow cases to go directly to Kentucky courts. The bill was introduced because of two court cases, where in one case the Kentucky Supreme Court ruled that a discrimination case could not move forward because it was still being considered by the Human Rights Commission. In another case, the Supreme Court ruled that a discrimination case could not move forward because Kentucky's definition of discrimination did not include the definition of a disability.

**Workers' compensation:** [Senate Bill 343](#), sponsored by Senate Economic Development Committee Chair Phillip Wheeler (R-Pikeville), makes permanent the Department of Workers Claims which is funded through a special assessment on workers' compensation premiums that was meant to fund old workers' compensation claims. With the passage of this legislation, the assessment will continue to fund the Department of Workers Claims. The department will no longer be connected to the Education and Labor Cabinet, instead it will be connected to the governor's office for administrative purposes only. The assessment will be determined based on estimates for operations of the office by the department, which must be approved by the legislature. The bill passed the legislature and became law without the governor's signature. The bill is in effect now since the measure included an emergency clause.

Other workers' compensation proposals that were introduced but did not become law included [HB 402](#) that would remove the presumption that use of an illegal substance prior to an accident was the direct cause, instead making it a proximate cause which could allow for workers' compensation benefits to be awarded. Similarly, [HB 403](#) more narrowly stated that the presence of more than 5 nanograms of Delta-9 THC would not be presumed to be the cause of an accident. The THC level would be determined based on medical testing, and the employee would have a rebuttable presumption regarding the proximate cause of the accident. Neither of the measures were enacted.

Finally, [HB 935](#), sponsored by House Majority Floor Leader Steven Rudy (R-Paducah), would have required the creation of an online portal for notification of an employee's refusal to participate in a workers' compensation insurance program, but the measure did not move beyond

being referred to the House Economic Development Committee. The goal of the legislation was to ensure that employers were informed when an employee refuses to participate.

**Unemployment Insurance:** There were several measures proposed to make changes to the unemployment insurance program, but only two measures were adopted. [Senate Bill 129](#), sponsored by Sen. Mike Nemes (R-Shepherdsville) passed. It would establish a point in time when automatic increases in the unemployment insurance fund to pay for technology updates would cease. A floor amendment that would eliminate the one-week waiting period for unemployment benefits did not make the final version.

The fund is used to upgrade technology, ensure program integrity and improve service. Nemes said employers' unemployment insurance rates had been raised to help cover the cost of updating the system, and his bill would lower those rates while ensuring enough money is in the technology upgrade fund and in the unemployment insurance system.

The bill would lower unemployment insurance rates based on the following criteria if the trust fund balance exceeds the Dec. 31, 2017, balance: From Oct. 1, 2018, through Dec. 31, 2026, UI rates are reduced 0.075%; and starting Jan. 1, 2027, rates are further reduced to 0.0115% if the trust fund balance exceeds the Dec. 31, 2017, balance. This could mean lower rates for employers.

[Senate Bill 163](#) and [HB 738](#) would amend the recall-to-work period from 16 weeks to 12 months when the employer is calling laid off workers back in that timeframe. It means that the employees would continue to be eligible for unemployment insurance benefits for the duration of the layoff. While these two measures were not adopted, [SB 136](#) was amended with the provisions of SB 163 and the governor signed the legislation. It included an emergency clause, so the provisions are in effect now.

There were multiple bills introduced to improve the unemployment insurance program for employees, but none of them passed. Two bills would have eliminated the one-week waiting period for unemployment insurance benefits to begin ([HB 437](#) and [HB 579](#)). [House Bill 437](#) was sponsored by Republican Rep. Felicia Rabourn (R-Turners Station), but neither of these measures received a committee hearing. Similarly, [HB 450](#) would reduce the work search requirements for beneficiaries from 5 to 3 weekly searches and reduce the required number of applications and interviews from 3 to 1. Sponsored by Rep. Nima Kulkarni (R-Louisville), [HB 200](#) would prohibit disqualifications from the unemployment insurance program in instances of domestic and dating violence, but it did not advance after the bill was filed.

[House Bill 578](#) would have required the development of electronic notifications for employers when a claim is filed and electronic notifications for former employees filing claims. It was assigned to the House Economic Development and Workforce Investment Committee but did not receive a hearing.

**Immigration Policy:** Four measures were introduced to require the state to crack down on illegal immigrants and require state and local law enforcement to cooperate with federal immigration efforts, but none of them became law. [House Bill 361](#), sponsored by Rep. Jared Bauman (R-Louisville), would have prohibited local governments from adopting sanctuary city policies. It would have required local law enforcement to support federal immigration law, and require detainees convicted of crimes to comply with federal immigration policy. For local governments refusing to cooperate, they would lose local government road funding from the state. [House Bill 47](#), sponsored by Rep. T.J. Roberts (R-Burlington), would require state law

enforcement to enter into an agreement with federal immigration authorities through a task force model where state and local officials can enter into agreements with feds to enforce limited immigration policies. In contrast, [SB 86](#) would have required state and local law enforcement to enter into agreements with U.S. immigration enforcement in all three federal models – jail enforcement, warrant officer, and task force. Finally, [HB 62](#) would have established a crime of unlawful employment for hiring an unauthorized alien, making it a Class A misdemeanor. None of these measures received a committee hearing but continue to be discussed within the legislature.

**Occupational Safety Health Administration:** [House Bill 938](#) and [HB 620](#) would have doubled the penalties from \$70,000 to \$140,000 for employers who violated any Occupational Safety and Health laws or who failed to correct the violations. The penalties would automatically increase annually based on the consumer price index. The measure was referred to the House Economic Development Committee, but it did not advance out of the committee.

**Employee Leave:** Three introduced measures would have mandated employers provide employee leave benefits. [House Bill 771](#) would have required employers to provide paid sick leave starting from the date of initial employment that could be used after 90 days of employment. The employee would earn 1 hour of leave for every 30 hours worked. The sick leave could be for medical or behavioral health issues. For any violations, a penalty of \$500 would be assessed per occurrence. The second measure, [HB 556](#), would have prohibited employers from refusing to grant qualified unpaid family care leave for up to 12 weeks in a 12-month period. The leave could be used for births, adoption, or other care for family. [House Bill 623](#) would have prohibited employers from refusing to grant leave for participating as a witness in a criminal trial or who is a crime victim and needs to testify in their own case. Any employee who was not granted the leave would have a civil cause of action that could be filed. All these measures failed to advance after being assigned to a committee.

**Minimum Wage:** Members of the Democratic Caucus annually propose legislation increasing the minimum wage, and this session was no different. [Senate Bill 16](#), sponsored by Sen. Reggie Thomas (R-Lexington), proposed to increase the minimum wage to \$15 per hour by July 1, 2030. It would have also allowed local governments to adopt a local minimum wage higher than the state. [House Bill 349](#) would have increased the minimum wage to \$17 per hour by July 1, 2030, and every year after that the minimum wage would increase by the Consumer Price Index (CPI). Additionally, the bill would increase the tipped wage to \$17.00 by July 1, 2031. Local governments would be allowed to establish a higher minimum wage. Similarly, [HB 270](#) would have increased the state minimum wage to \$15 per hour by July 1, 2030, and increase the tipped wage to \$5 per hour upon the effective date of the legislation. [House Bill 336](#) would have allowed local governments to increase the minimum wage. None of these measures advanced in the Republican-majority legislature.

[House Bill 209](#) proposed a different strategy for increasing wages, proposing a certified living wage that would be based on geography, the type of occupation for employers receiving federal, state, and local subsidies, and for those employers located in enterprise zones. The certified living wage would be established annually. Again, this measure was not considered.

**Expungement:** Once again, advocates for a “clean slate” proposed legislation to automatically expunge criminal records. [Senate Bill 290](#) would automatically expunge eligible convictions without a request from the offender, so long as the offender did not have any misdemeanor or felony convictions for 5 years after their sentence was completed or they were paroled. The legislation would require a criminal history provider to delete the conviction information within 30 days of receiving notice of the expungement from the circuit clerk. A criminal history provider who did not delete the information would be subject to violations. The bill delayed the implementation of the legislation until Aug. 2, 2032. It would also establish a task force. Senate Bill 290 passed the Senate Judiciary Committee despite some senators raising concerns about the implications of the legislation. A vote was not taken on the legislation in the Senate, so the measure failed.

Another automatic expungement measure in the House did not advance either. [House Bill 718](#) would have established an automatic expungement process for non-violent felony convictions so long as the offender had not committed a misdemeanor or felony within the five years after serving their sentence or being paroled. The bill died in the House Judiciary Committee.

**Veterans’ Benefits Posting:** Current law encourages employers to post veterans benefits in obvious places, but [HB 234](#) would have required it. Proposed by Rep. Jared Bauman (R-Louisville), the legislation was referred to the House Veterans, Military Affairs and Public Protection Committee, but it did not move out of the committee.

**Scheduling:** Another Democratic measure, [HB 24](#), would have required employers to provide employees with good faith estimates of work schedules, and schedules would be required to be posted seven days in advance. Employers would be required to maintain a voluntary standby list, provide rest periods, and provide compensation for employer changes to schedules. Any employer violating the legislation would be subject to penalties ranging from \$500-\$2,000. While the legislation was introduced, it did not move forward.

**Job Postings:** [House Bill 342](#) would have addressed the idea of ghost job postings, defined as advertising a position that the employer does not intend to fill. Another measure on job advertisements, [HB 210](#), would require employers to include the wage or salary range in any job advertisement. Both measures failed to receive a committee hearing.

**Right to Disconnect:** Under [HB 341](#), employees would have the right to disconnect from their jobs during non-work hours. Employees could not be required to respond to text messages or emails during breaks or nonwork hours. After three complaints of discrimination or violation of the policy, an employer would be subject to penalties of \$100-\$1,000. This is not the first time such legislation has been introduced, and as in previous sessions, the measure failed to receive a committee hearing.

**No Tax on Tips/Overtime:** Rep. Patrick Flannery (R-Olive Hill) introduced [HB 452](#) that proposed to conform the state treatment of income tax on tips and overtime with the federal changes in the One Big Beautiful Bill. The federal changes exempt up to \$25,000 annual income from tips from the federal personal income tax. For overtime pay, the federal law now exempts up to \$12,500 of overtime pay from the income tax. The bill included a clause that would have

made the legislation retroactive to Jan. 1, 2025. The bill was referred to the House Appropriations and Revenue Committee but did not advance from there.

**Tip pooling:** Tacked on to [HB 185](#) were provisions to clarify tip pooling in Kentucky. The legislation includes in the definition of a tipped employee any employee who performs the work for which the customer would tip or those who support the service itself. This would include those who are performing services within the line of sight of customers. It also clarifies that a tip pooling arrangement could not include salaried employees, managers, or supervisors. These provisions contain an emergency clause, and since HB 185 was adopted, they are in effect now.

**Vaccines:** Sponsored by Sen. Steve West (R-Paris), [SB 108](#) would have required employers mandating vaccinations to allow for exceptions for religious beliefs or medical reasons confirmed by a healthcare provider. The employer would have been required to provide notice to all employees of the exception, and they could not make vaccinations a condition of employment. If an employer violated the law, the employee would have a civil cause of action for compensatory and punitive damages and attorneys' fees. The bill did not receive a committee hearing and died after its introduction.

**Small Business Retirement Savings:** House Small Business and Information Technology Chair Deanna Frazier Gordon (R-Richmond) introduced [HB 597](#) that would have established the Commonwealth Retirement Savings Plan for businesses with 50 or fewer employees to voluntarily participate in a private Roth IRA starting July 1, 2028. The bill was referred to the committee Frazier Gordon chairs, but it did not advance from there.

**Organ Donation:** [House Bill 629](#) would have established a tax credit for employers who give employees donating an organ a nonrefundable tax credit not to exceed the amount paid to the employee during the time of donation and recovery. The employer would have to continue to pay the employee during this period in order to receive the tax credit. No such tax credit was adopted in this legislative session.

**Public Transportation:** [House Bill 870](#) would have provided local governments and employers with the opportunity to collaborate to fund public transportation initiatives providing employees with more transportation opportunities to get to work, but the legislation, filed late, did not advance in the 2026 legislative session.

**Ban the Box:** Once again, Rep. George Brown (D-Lexington) filed "ban the box" legislation that would have prohibited employers from considering or requiring disclosure of prior criminal history on the initial application or initial interview ([HB 123](#)). The bill was not discussed in the House Economic Development Committee where the bill was referred.

## **REGULATORY & LICENSURE ISSUES**

**Cannabis-Infused Beverages:** [Senate Bill 223](#) proposed to permanently authorize the sale of cannabis-infused beverages (CIBs) at fairs and festivals. It would have also authorized hemp retailers to get a non-quota license for the sale of the beverages, so long as 70% of a

retailer's revenues are generated from the sale of hemp. Restaurants and caterers would be authorized to obtain a nonquota-by-the-drink license to sell CIBs. It would also create a permanent sampling license for distributors, manufacturers, and retailers. The bill passed the Senate with amendments that removed the emergency clause from the legislation, but the House chose not to take up the measure.

**Psychoactive Products:** Rep. Al Gentry (D-Louisville) introduced [HB 896](#) that would have created a new agency called the Department of Psychoactive Substances within the Public Protection Cabinet to regulate psychoactive products. The department would be structured similar to the Department of Alcoholic Beverage Control, with a Division of Hemp and Kratom and other divisions as authorized by a governing board. The new department would determine which products are for adults only, testing and packaging requirements, and product standards. Each business involved in manufacturing, distribution, and retailing would be required to obtain a license. The bill created a new nonquota license for Cannabis-Infused Beverages (CIBs). Nonintoxicating hemp would not be regulated or licensed by the new department. The legislation was assigned to the House Licensing, Occupations and Administrative Regulations Committee, but never received a committee hearing.

**Gaming:** [House Bill 904](#) is a comprehensive bill regarding charitable gaming and other forms of online gaming. For retailers and restaurants, the legislature placed a freeze on any new electronic pull-tab machines from locations outside of the charity. For those who were hosting machines on July 2025, they are grandfathered in and allowed to continue operating, but there are new requirements for these machines. The machines must be located in 21-or-over areas only. If the premises allow those under the age of 21 entry, the machines must be in roped-off areas where identification checks can be performed. A person from the charity must monitor the machines while being operated. The bill was vetoed by the governor, but the General Assembly voted to override the veto.

**Permitting:** Both the House and Senate introduced bills that would have reformed permitting ([HB 530](#) and [SB 52](#)), but it was SB 52 that advanced, even though it did not make it through the full legislative process.

House Bill 530 would have made comprehensive changes to the permitting process for state and local governments, building inspections, and land use approvals. This included establishing strict timelines for permit review and decision-making, with automatic approval if authorities fail to act within 60 days. Applicants could have appealed permit decisions to the circuit court, which would conduct a de novo review and may award attorney's fees if the decision is overturned. Development permits would be presumed valid, and third-party challengers owning adjacent property could contest permits if they demonstrate specific harm, with the burden of proof on them. The regulations would also permit third-party inspectors – such as licensed architects, engineers, and certified inspectors – to perform plan reviews and inspections, aiming to streamline the permitting process. If authorities failed to meet review or inspection deadlines, they would have to issue temporary permits and refund associated fees.

The bill was referred to the House Local Government Committee, where it received readings as if it were going to pass out of committee, but it did not receive a hearing.

In contrast, SB 52, after being amended to eliminate the restrictions and regulations placed on local governments in the permitting process, would only have applied to the state

permitting process. The measure would have prohibited state agencies with permitting authority from denying or approving permits except for denials based on state law and regulations. All rulings on permits would need to be completed within 30 days of application. The state permitting agency could request a 30-day extension to consider whether to approve the permit. After passing the Senate, the bill easily won passage in the House State Government Committee, but the measure never received a full vote by the House.

**Administrative regulations:** The legislature once again adopted [SB 65](#) to make regulations found to be deficient, permanently deficient and prohibit agencies from filing similar regulations. This included tobacco licensing regulations and a regulation that would have authorized the prescribing of GLP-1 medications for weight loss treatment within the Medicaid program. While the governor did veto the measure, it is in effect after the legislature voted to override the veto.

Rep. Derek Lewis (R-London) introduced [HB 849](#) that would have expanded the role of the Administrative Regulatory Review Subcommittee that he chairs to include permit review process review of state agencies and create a permit review portal. The bill was assigned to the House Licensing, Occupations and Regulatory Review Subcommittee, but it did not receive a hearing. [House Bill 494](#) would have established a process for final legislative approval of regulations, requiring regulations promulgated by state agencies to be ratified by the legislature, but it did not advance.

**Adult Performances:** [House Bill 360](#) sponsored by Rep. Scott Sharp (R-Ashland) would have restricted minors viewing sexually explicit material, including drag shows. The bill included criminal penalties for engagement of adult performances, as defined in the legislation. It was assigned to the House Judiciary Committee, but it did not receive a committee hearing.

**Planning & Zoning:** [House Bill 911](#), sponsored by House Majority Floor Leader Steven Rudy (R-Paducah), arose from cities attempting to ban certain types of businesses from being in communities. The bill would have limited the ability of cities to restrict the presence of businesses based on planning and zoning regulations. The bill was introduced at the request of the Association out of frustrations of cities' misuse of the process. The bill was assigned to the House Local Government Committee and placed on an agenda for a committee hearing, but it was removed.

**Kratom:** A product derived from an Asian shrub, Kratom, which is sold in retail locations, was originally banned from being sold in Kentucky in [HB 757](#) effective Jan. 1, 2027, but during the final two days of the legislative session, [HB 869](#) changed that date. Instead, the legislature passed a provision in HB 869 that delayed the ban on the sale of the product until July 1, 2027. This gives the legislature time to consider whether to regulate and tax the product or just ban the sale of it altogether.

## **REVENUE & TAXATION ISSUES**

**Local Tax Collection:** Businesses, large and small, have raised concerns about local tax collection, specifically the lack of centralized collection of local taxes, the lack of a singular form for tax collection, and lack of electronic payments for local taxes. House Local Government

Committee Chair Patrick Flannery (R-Olive Hill) introduced [HB 518](#) as a compromise between businesses and local governments. Local governments raised concerns about how a centralized state collection process for local taxes could cause delays in revenues reaching communities and even loss of revenues. The compromise bill, as signed into law, will require the promulgation of regulations by the secretary of state to develop forms for the collection of net profits, gross receipts, and payroll occupational license taxes. The legislation also requires that local governments allow businesses to pay by electronic payment. The compromise version delays development of universal electronic forms until June 1, 2027. The implementation of a universal electronic form and electronic payments was delayed until July 1, 2029. Also, local governments could collect fees to offset the amount it costs for electronic payment processing. Taxing districts which collect \$200,000 or less or those who currently have an electronic form submission and payment would be exempt from adopting electronic payment and universal forms. Also, if a taxing district could demonstrate that the cost of collection would be greater than 5% of the taxes collected, they would be exempt from the requirements as well.

The bill reformulates an advisory committee, chaired by the secretary of state, to develop the tax forms, and includes more business organizations within the group. The bill was signed into law by the governor.

**Local Taxation:** There were multiple measures introduced regarding local taxation varying from taxing jurisdictional issues, taxing authority for emergency services and the General Assembly's relationship to local taxes, but none of these measures became law.

[House Bill 939](#), sponsored by members of House leadership, would have repealed a statute that prohibits the General Assembly from requiring local governments to spend local tax revenues and prohibited the legislature from requiring cities to levy taxes. By repealing the statute, the legislature could require cities to spend local revenues on certain projects or require cities to increase or levy local taxes. The bill was referred to the House Local Government Committee, but it did not receive a hearing.

Rep. Stephanie Dietz (R-Edgewood) introduced [HB 758](#) and companion legislation, [SB 237](#), was introduced in the Senate. Both bills would establish a method for calculating remote workers for the purpose of local tax revenues and to calculate local economic development incentives. The legislation would state that 100 percent of employees' local occupation taxes would be calculated and collected based on the jurisdiction of the company's headquarters, regardless of where the employee actually performs the work. This would positively impact economic development incentives for businesses who are required to meet certain employment thresholds to receive those incentives. On the flip side, it could negatively impact communities currently receiving occupational license taxes for workers. The bill was also referred to the House Local Government Committee, but it failed to receive a committee vote. Senate Bill 237 was never referred to a committee.

Finally, [HB 613](#) would allow a fire protection district or volunteer fire department district to exceed the maximum allowed property tax rate and establish the process for adopting such a property tax. The bill passed the House Local Government Committee, and two floor amendments were filed. One amendment reduced the percentage of voters required for a petition calling for a vote on the tax from 10% of the voters to 5%. The second floor amendment would have changed the makeup of the emergency services board if the increased property tax rate was adopted. The bill was subsequently recommitted to the House Appropriations & Revenue Committee.

**Alcohol Tax Reform:** As alcohol consumption shifts and beverage preference evolves, the legislature considered reforming the alcohol tax structure. The legislation would have removed the alcohol taxes at the manufacturers' or producers' level, reform the wholesale tax to \$.004 per milliliter of alcohol and add a state alcohol regulatory fee of 4% at the retail level. The measure also expanded the local alcohol regulatory fee to all cities and counties, allowing new cities to levy an alcohol regulatory fee of 1%, and for cities already collecting alcohol regulatory fees, allowing them to keep the current rate or levy up to 3% which would be collected and remitted by retailers and restaurants.

The measure was originally filed as [HB 612](#) and sponsored by House Licensing & Occupations Committee Chair Matt Koch (R-Paris). It also included taxes on hemp-derived products whether they had an intoxicating effect or not at a rate of \$0.16 per milliliter or milligram of delta-8 or delta-9 THC. Another provision of the bill proposed to levy a tax of no less than \$0.04 per milligram of mitragynine to \$8 per milligram of mitragynine based on the concentration of Kratom and the constitution of the product. One non-related tax provision would have permanently banned retailers from obtaining an alcohol license if the retailer sold to minors 3 or more times in a 24-month period per location. [House Bill 612](#) received opposition from retailers and restaurants, and the bill was referred to the House Licensing & Occupations Committee but never received a hearing.

This was not the end of alcohol tax reform proposals however, as House Appropriations & Revenue Committee Chair Jason Petrie (R-Elkton) introduced [HB 9](#) that was co-sponsored by Rep. Koch and House Speaker David Osborne (R-Prospect). House Bill 9 did have minimal changes from [HB 612](#), including adding testing requirements for hemp-derived products. The tax provisions and the permanent ban on licensing for selling to minors remained in HB 9. The bill passed the House Licensing & Occupations Committee over the objections of a restauranter and cannabis-infused beverage manufacturer who testified against the bill. On the same day, the legislation passed the House 63-31, sending the measure to the Senate.

While the Senate was considering the measure, supporters of expanding channel access for the sale of wine and spirits-based, ready-to-drink products continued to push the Senate for passage of the measure so long they included expanded access. Opponents continued to put pressure on the Senate, and it soon became clear that the measure did not have the Senate votes necessary to pass. So, supporters of the alcohol tax shifting legislation changed plans. The House reached out to the Senate and stakeholders with another proposal – eliminate the tax shift to the retail level by removing the state alcohol regulatory fee and replacing it with fees at the wholesale level. Also, the local alcohol regulatory fee would remain unchanged, except for all cities and counties already with a local alcohol regulatory fee which would be capped at 5%. This proposal was in play until the remaining minutes of the session, but the Senate chose not to act on any alcohol tax proposal.

The concept of alcohol tax shifting leaves big questions for consumers. Currently, Kentucky produces 95% of bourbon worldwide, meaning that taxes at the manufacturer level are shared globally. A proposal shifting taxes to the retail level had the potential for Kentucky customers to bear the brunt of the tax changes, since the proposal's goal was not to generate any additional revenue at the state level. This assumed that when the taxes were removed at the manufacturing level, those savings would be passed down through the three-tier alcohol system and subsequently on to consumers, but this was just an assumption and there was no real evidence that this would actually happen. If the savings were used to gain extra margin as

opponents suggested, Kentucky consumers would be left with price increases on alcohol products.

**Restaurant Tax:** Rep. Derek Lewis (R-London) introduced [HB 808](#) that would allow all cities, except Louisville and Lexington, to levy up to a 3% restaurant tax on all gross receipts on prepared foods. Currently, the law limits spending of restaurant tax revenues only on tourism, but HB 808 would remove the limitation allowing local governments to spend the proceeds without any restriction. The bill was referred to the Local Government Committee but did not receive a hearing.

**Sales Tax on Data Brokering Services:** Included in [HB 757](#) is a provision that applies the sales tax to data brokering services. As defined in the legislation, the term “ means the act of collecting, aggregating, and analyzing personal data for sale to a third party while possession of the personal data is maintained by the person providing the data brokering services or by the third party, wherever located, regardless of whether the charge for the services provided is on a per use, per license, subscription or some other basis.”

The language was amended to remove the word “use” at the request of large technology companies. The new tax takes effect Aug. 1, 2026. The Association opposed the tax, along with the banking industry, but legislators did not consider our concerns.

**Penny Rounding:** Another measure included in [HB 757](#) is language that authorizes penny rounding for retailers to round to the nearest nickel and provides liability protection so long as the retailer uses the prescribed method. Rounding may only occur for cash transactions when pennies are not available to complete the transaction, and on settlement of the final bill after all individual items, duties, fees, taxes, and charges are calculated to the exact cent and credit or debit transactions are calculated to the exact cent. The final version of the provision requires all sales tax owed based on the transaction total to be paid to the state.

The provision defines rounding to the nearest five cent increment as:

*Amounts ending in one cent (\$0.01) and two cents (\$0.02) are rounded down to the nearest ten (\$0.10) cents;*

*Amounts ending in three cents (\$0.03) and four cents (\$0.04) are rounded up to the nearest five (\$0.05) cents;*

*Amounts ending in six cents (\$0.06) and seven cents (\$0.07) are rounded down to the nearest five (\$0.05) cents;*

*Amounts ending in eight cents (\$0.08) and nine cents (\$0.09) are rounded up to the nearest ten (\$0.10) cents; and*

*Amounts ending in zero (\$0.00) cents and five (\$0.05) cents remain unchanged.*

The penny rounding language takes effect on July 15, 2026.

**Tax Credits:** There were new tax credits proposed this session but only one was adopted establishing a tax credit for alternative jet fuel. House Speaker Pro Tem David Meade (R-Lancaster) introduced [HB 545](#) to create a tax credit for alternative jet fuel, and while HB 545 was not adopted, the provision was included in [HB 869](#) and is discussed further below.

[House Bill 694](#) would have established a nonrefundable tax credit for employers who employ recently released prisoners holding a certificate of employability. The credit could not

exceed the amount of wages paid to these employees, but the bill was never given a committee hearing.

Rep. Steve Doan (R-Erlanger) introduced [HB 489](#) that would have created a nonrefundable child tax credit of \$4,000 per child, not to exceed \$8,000 per tax return for families, but after being referred to House Appropriations & Revenue Committee, it was not considered.

**Tax Tribunal:** [House Bill 645](#), introduced by House Local Government Committee Chair Patrick Flannery (R-Olive Hill), would have abolished Kentucky's current tax appeals process by abolishing the board of tax appeals and creating a tax tribunal to handle all tax appeals. The legislation would remove the original jurisdiction designation for tax cases with the district and circuit courts and give that authority to the tax tribunal. The preamble of the legislation argues that due to the complexity of the tax law, having an independent body of experts is necessary to ensure fair arbitration of tax cases. This is not the first time Flannery has introduced the legislation and just like previous times, the legislation did not advance.

**Property Tax:** As discussed above, [HB 613](#) would have allowed local fire districts to exceed the maximum 4% revenue increase that is allowed under the law.

[House Bill 801](#) would have authorized a nickel school facilities tax that would be equalized by the state. In recent years, the legislature has eliminated school facilities construction nickels that are added to the property taxes within the school district. Rep. Patrick Flannery (R-Olive Hill) filed the legislation, which included an emergency clause, but it was not considered by the legislature. In fact, the budget restricted equalization of existing school facility nickels.

Rep. Lisa Wilner (D-Louisville) filed [HB 663](#) that would have established an alternative payment program for property taxes to be done in quarterly installments.

None of these bills passed this session.

**Limited Liability Entity Tax (LLET):** Rep. Patrick Flannery (R-Olive Hill) filed [HB 451](#) that would have eliminated the application of the LLET on gross receipts of \$100,000 starting Jan. 1, 2027. The bill was assigned to the House Appropriations & Revenue Committee, but it did not receive a hearing.

**Appropriations:** The General Assembly adopted two appropriation measures: [HB 900](#), which include one-time spending, and the state budget (HB 500). The Association, in collaboration with the Attorney General Russell Coleman, requested \$2 million over the biennium for the establishment and operation of an Organized Retail Crime Task Force. The legislature pushed back on the request, arguing that the Opioid Abatement Task Force funding could be used to fund such an effort. Despite support from both chambers, the task force was not funded.

Contained in [HB 500](#), the state budget, is permission for retailers to donate alcohol products to national and regional conferences, specifically for the Southern Legislative Conference that will be hosted in Lexington this summer.

State revenues did not come in strong enough to meet the triggers to lower the personal income tax. The legislature protected rainy day funds and themselves against increasing recurring expenses for the commonwealth.

**Gas Tax:** [House Bill 370](#), proposed by Rep. Tom O'Dell Smith (R-Corbin), would have increased the state gas tax to set a base of \$0.296 per gallon and then increase the base to \$0.346 the following year. For each subsequent year, the tax per gallon would be increased or decreased based on the National Highway Construction Cost Index (NHCCI), so long as the tax does not increase more than 5% over the previous year or decrease more than 5%.

Increasing the gas tax and funding road construction was a priority of the legislature when it convened in January, but once the Iran war broke out and gasoline prices spiked, increasing the gas tax was no longer a high priority. O'Dell Smith ultimately withdrew HB 370, as Kentuckians experienced higher gas prices at the pump.

**Property Tax Task Force:** Rep. Shane Baker (R-Somerset) introduced [HCR 23](#) to establish a Property Tax Task Force to study, review, recommend, and provide policy recommendations on how to address local property tax increases and provide a report by Dec. 1, 2026. As real estate prices have increased, it has led to increased property values resulting in higher property taxes. The task force was not adopted, but it could be established by the Legislative Research Commission for the interim.

## **TRANSPORTATION ISSUES**

**Public Transportation:** A Louisville Democrat, Rep. Joshua Watkins, filed [HB 870](#) that would have created the Kentucky Public Transportation Development Fund, managed by the Transportation Cabinet, to finance public transportation capital and operating subsidies, development projects, and related administrative costs. The fund was supported by state appropriations, federal and other sources, and voluntary contributions from Kentucky employers, capped at 0.05% of their total payroll. The bill appropriated \$30 million annually from the General Fund for the 2026-2028 biennium to this fund.

Additionally, the bill created a nonrefundable, nontransferable tax credit for employers who contribute to the fund or provide transit passes or vouchers to employees, capped at 50% of the employer's total contribution for the taxable year.

The bill was assigned to the Appropriations and Revenue Committee but did not get a hearing.

**Video Traffic Control:** Two Democratic senators filed a pair of bills on video traffic control systems. Sen. Reggie Thomas (D-Lexington) filed [SB 24](#) and Sen. Karen Berg (D-Louisville) filed [SB 266](#). Both bills would have created regulations on the use of these systems at traffic lights to detect and enforce red light violations at intersections. Senate Bill 24 included civil penalties of \$50 for violations, with most of the revenue going to local governments and a small portion to the Administrative Office of the Courts. It outlined a citation process, allowed specific defenses against violations, and provided for suspension of vehicle registration if penalties were unpaid. Importantly, violations would not result in points on the driver's record.

Senate Bill 266 was similar but included language allowing for consolidated local governments to also conduct video traffic control monitoring systems.

Neither bill received a committee hearing.

**Traffic Violations:** If [HB 625](#) had become law, some traffic violations would have been exempt from local code enforcement codes. The bill would remove the authority of local

governments to enforce speeding violations and failure to stop at a red flashing light or to issue civil penalties through the local government's code enforcement, so long as state law accounts for criminal and civil penalties. The bill, sponsored by Rep. Rachel Roarx (D-Louisville), was assigned to the House Transportation Committee where it died.

**Drivers Licensing:** A plethora of bills were filed on driver's licensing, primarily on enabling people to get or renew their driver's licenses locally instead of at a regional office as it is done now. Lawmakers continue to say they hear a lot of frustration from constituents on this issue, but none of the legislation passed.

[House Bills 162](#) and [332](#) had similar goals. **House Bill 332** would establish that, by July 1, 2027, the circuit clerk, county clerk, sheriff, or county judge could be selected by the transportation cabinet through the city or public library to issue driver's licenses or personal identification cards. It would allow the selected local official to charge a convenience fee, which they could keep. **House Bill 162** identifies that on July 1, 2027, the county circuit clerk as the representative of the Transportation Cabinet to accept applications and renewals for licenses, permits, and personal ID cards. It also would allow a person seeking a commercial driver's license to apply to the county circuit clerk's office of the county the applicant lives in or the county where they are enrolled for driver training school. Both bills died in the House Transportation Committee.

One bill on driver's licensing sites that had some signs of life was [SB 7](#), sponsored by Sen. Aaron Reed (R-Shelbyville). It would have required the Transportation Cabinet to expand issuance of renewal or duplicate licenses by mutual agreement with the transportation cabinet and a local official which could be the circuit clerk, county clerk, sheriff, or county judge executive. The bill passed the Senate easily but stalled in the House. So, when [HB 658](#) – a bill on restricted CDLs – got to the Senate, they tacked the language in SB 7 onto that House bill. The House did not support the bill and took no further action on HB 658.

Two other driver's licensing bills dealt more with citizenship issues. [Senate Bill 123](#) would have required all written and road skill examinations be administered in English only. It was never sent to committee. And [HB 70](#) would have required denotation on new or renewal identification document that the holder was a United States citizen or a non-citizen authorized to be in the U.S. It died in the House Transportation Committee.

**Gas Tax:** Each session, lawmakers continue to hint there may be a gas tax increase to make up for the increasing costs of road maintenance in the state. In the 2026 session, Rep. Tom Smith (R-Corbin) filed [HB 370](#) that would change the current gas tax formula from 9% of the average wholesale price of gasoline to an initial base of \$0.296 cents per gallon and in the second year \$0.346 cents per gallon of gasoline. The gasoline tax would increase annually thereafter based on the National Highway Construction Cost Index (NHCCI) with a cap of no more than a 5% increase or decrease on the previous year's tax. It would also increase the special fuels tax rate, which includes propane and ethanol to \$0.036 in the first year and \$0.072 in the second year, with the same annual increase or decrease as gasoline. House Bill 370 also increased licensing and registration fees. The tax increases would take effect July 1, 2026. Smith ended up withdrawing the bill.

**DUI:** [Senate Bill 66](#), sponsored by Senate Judiciary Chair Brandon Storm (R-London), received final approval and adds fentanyl, clonazepam, and cyclobenzaprine to the driving under

the influence law. It also states that for those refusing to submit to a blood alcohol level test that they would not automatically presume guilt, but it would require suspension of the offender's driver's license at the time of arraignment. The governor signed the bill.

**Distracted Driving:** Retiring Sen. Jimmy Higdon (R-Lebanon) tried once again before leaving the Senate to get a distracted driving law passed but came up short on [SB 28](#). His bill would ban Kentucky drivers from holding, communicating, texting, or watching videos with a cell phone while operating a vehicle. The ban also included portable laptops and gaming devices. Drivers would face a \$100 fine under the bill, which could not be issued until an initial courtesy warning is given first. After Oct. 31, 2026, a fine would be issued. One of the concerns over Higdon's 2025 bill was a ban on using mobile devices while stopped at a light. This year's bill exempts that situation as well as using devices in parked vehicles, communicating over speaker or voice-activated texts, listening to navigation directions, or reporting an emergency. CB, amateur, and two-way radios are also exempt from the ban, and law enforcement cannot stop a vehicle unless the officer visually observed the driver holding the cell phone. The bill passed the Senate but was never taken up by the House Transportation Committee.

**Welcome Centers:** A bill that would have allowed sponsorships and promotion of sponsorship through signage at Kentucky welcome centers and rest areas failed to get a hearing during the 2026 Session. [House Bill 267](#) would set up the framework for sponsorship agreements of welcome centers and rest areas. Private entities could contribute services, products or monetary support for their maintenance and upkeep. The bill outlined restrictions on commercial offerings, including prohibiting the offering of services below the prevailing market rate and the agreements must comply with federal and state laws. It was sent to the Transportation Committee but never heard.

**DUI Convictions:** [House Bill 563](#), sponsored by Rep. Patrick Flannery (R-Olive Hill), would prohibit a person convicted of a fourth driving under the influence violation from purchasing or receiving alcohol and a marking would be placed on their driver's license to indicate the restriction. The bill was reported favorably out of the House Judiciary Committee, but it was recommitted to the House Appropriations and Revenue Committee until the end of the legislation session.