



**Kentucky Legislative Report  
January 18, 2018 - Regular Session Update**

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**Scott's Thoughts**

Governor Bevin presented his state of the state speech last night. He is not a “kick the can down the road” governor. His speech included a 6.25% across-the-board cut to state government as well as the elimination of 70 state programs. What these programs include, I haven't discovered yet but generally, this is not a bad thing. It just depends on what they are. It is my understanding that the core programs found in the Energy and Environment Cabinet will remain intact. Secretary Snavely and Bruce Scott are masters at moving the functionality of one program into another box on the organization chart, eliminating the discarded box and keeping things moving along. We'll see if that strategy works this time around.

As always at this time of year, my concern is that the Environmental Cabinet started taking budget cuts long before other cabinets in state government. As a result, the annual across-the-board cuts hurt the Cabinet for Energy & Environment much worse than other Cabinets in State Government. We need to ensure that, if possible, permit and plan review staff levels remain intact. A decrease in either of those areas will hurt industries that are already in Kentucky and limit our ability to attract new businesses. Although you might not want to hear this, an effective compliance and inspection group needs to remain. Maintaining that keeps EPA and the environmental community away from your program.

The press release for his speech can be [found at this link](#).

The Governor's budget, just like the President's, is simply a starting point. The heavy lifting will be done in the House and Senate. Hopefully Governor Bevin's speech will prompt the Legislature to move forward on meaningful issues facing our state such as the retirement system, workers compensation and taxation. One of the impediments to meaningful work being accomplished in the Kentucky Legislature is the filing deadline for elected officials. Typically, controversial issues are not dealt with until after the filing deadline to try to avoid contested races. From my perspective, the filing deadline should be December 31. That would allow the Legislature more time to deal with the issues of the Commonwealth.

The Workers Compensation System in Kentucky needs to be revamped but an April 27, 2017 Kentucky Supreme Court decision has really provided the business community a significant

setback. The Parker case found KRS 342.730(4) to be unconstitutional. The statute provides that Workers Compensation benefits would cease upon the later of 2 years after the injury or the worker qualifying for “normal old-age Social Security retirement benefits.” The Parker opinion removes the termination of benefits due to age, resulting in an extension of income benefits on Workers Compensation claims to the duration of the disability for permanent disability and the statutory number of weeks for partial disability. This decision could be a big deal for many companies in Kentucky. I have more detail on the Parker V. Webster County Coal decision. If you need it I will pass it along.

At this point in the Legislature, very little if any environmental legislation has been filed. The legislative load will increase following the Governor’s speech and the filing deadline on January 30.

Stay tuned.

Don’t hesitate to contact me if you want me to add additional issues, need copies of the proposed legislation or have questions about these or other bills you’ve heard about.

### **DO YOU KNOW SOMEONE WHO WANTS TO RECEIVE THESE UPDATES?**

Send this to a colleague and tell them to write us at [scottr.smith@smithmanage.com](mailto:scottr.smith@smithmanage.com) if they want to receive notice when these postings are updated.

### **QUESTIONS, COMMENTS, ADDITIONAL INFORMATION**

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