

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 1st Meeting of the 2024 Interim

June 5, 2024

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Appropriations and Revenue was held on June 5, 2024, at 1:00 PM in Room 149 of the Capitol Annex. Representative Jason Petrie, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Jason Petrie Co-Chair; Senator Christian McDaniel Co-Chair; Senators Matthew Deneen, Donald Douglas, Shelley Funke Frommeyer, Amanda Mays Bledsoe, Gerald A. Neal, and Robin L. Webb; Representatives Adam Bowling, Josh Bray, George Brown Jr., Stephanie Dietz, Myron Dossett, Patrick Flannery, Ken Fleming, Deanna Frazier Gordon, Chris Fugate, Mark Hart, DJ Johnson, Bobby McCool, Shawn McPherson, Ruth Ann Palumbo, Josie Raymond, Steve Riley, Cherlynn Stevenson, and Ken Upchurch.

Guests: Jenny Bannister, Deputy Director for Budget Review, Office of Budget Review (LRC); Seth Dawson, Assistant Budget Director; Jennifer Hays, Committee Staff Administrator, Appropriation and Revenue Committee; Juan A. Renaud, Deputy Commissioner, Kentucky Department of Veterans Affairs; and Matt Castor, Vice President of Government and Corporate Relations, USA Care.

LRC Staff: Jennifer Hays, Cynthia Brown, Katy Jenkins, Adam Johnson, Sarah Watts, Jennifer Troth, and Logan Schaaf.

History and Trends of General Fund Appropriations

Jenny Bannister, Deputy Director for Budget Review, Legislative Research Commission (LRC), and Seth Dawson, Assistant Budget Director for LRC, provided an overview of the history and trends of General Fund appropriations. They discussed the Budget Reserve Trust Fund balance, the 2024 budget, K-12 education appropriations, and Medicaid benefits.

Responding to a question from Co-Chair Petrie, Ms. Bannister confirmed that the budget trust fund balance projections include one-time expenditures from House Bill 1 and Senate Bill 91 from the 2024 session.

Responding to a question from Co-Chair Petrie, Ms. Bannister said that the Support Education Excellence in Kentucky (SEEK) employer match for the Teachers' Retirement

Committee meeting materials may be accessed online at <https://apps.legislature.ky.gov/CommitteeDocuments/10>

System (TRS) is \$458,220,000 for FY 2025.

Co-Chair Petrie noted that contributions to the TRS continue to increase, and that the health and life insurance section was a particular focus during the most recent General Assembly session.

Responding to a question from Co-Chair Petrie, Mr. Dawson discussed recent trends in average daily attendance in Kentucky schools.

Responding to a question from Co-Chair Petrie, Ms. Bannister confirmed that education and Medicaid are the two largest items in the General Fund.

Responding to a question from Co-Chair Petrie, Ms. Bannister said that the calculation of the average monthly cost per person eligible for Medicaid benefits includes all funding sources, federal and state.

Responding to a question from Co-Chair Petrie, Ms. Bannister said that traditional Medicaid makes up approximately 50% of Medicaid eligible, and the expansion is approximately 32-33%.

History and Trends of Revenue

Jennifer Hays, Committee Staff Administrator for the Appropriations and Revenue Committee of the LRC, discussed the history and trends of revenue. She detailed the history of the General Fund, Road Fund, Budget Reserve Trust Fund, and the Unemployment Trust Fund.

Co-Chair Petrie discussed the state of the Unemployment Trust Fund.

Overview of Revenue Measures Enacted in the 2024 Regular Session

Jennifer Hays, Committee Staff Administrator for the Appropriations and Revenue Committee of the LRC, discussed the revenue measures enacted in the 2024 Regular Session. These included measures relating to sales and use tax, inheritance tax, coal severance tax, property tax, and various tax credits. She discussed the revenue measures in House Bill 8 and 122 passed in the 2024 session.

Co-Chair Petrie provided an update on the status of the exemption in House Bill 8 passed in the 2024 session on currency and bullion.

Responding to a question from Representative Fleming, Ms. Hays said that she has not been contacted by or received any updates from the Department of Revenue relating to the tax amnesty period.

Representative Dossett praised the extension of tax exemptions for disaster response employees and businesses.

USA Cares Appropriation

Juan Renaud, Deputy Commissioner, Kentucky Department of Veterans Affairs (KDVA), and Matt Castor, Vice President of Government and Corporate Relations, USA Cares, discussed the status of the General Assembly's \$1,000,000 per year appropriation to USA Cares, a veteran service non-profit organization.

Responding to a question from Representative Johnson, Mr. Renaud said that in addition to the USA Cares appropriation, another appropriation for the Kentucky Veterans Accelerated Licensure Occupational Recruitment (VALOR) program, is being negotiated with the KDVA, but has not yet been dispersed to VALOR.

Responding to a question from Senator Deneen, Mr. Renaud said that the KDVA is not attempting to hold the appropriation to fund the Kentucky Governors Challenge Team.

Co-Chair Petrie encouraged the KDVA to reach an agreement with USA Cares and deliver the appropriation.

Correspondence for Review

Co-Chair Petrie made the committee aware of the additional materials provided prior to the meeting, including correspondence from Budget Review.

Reports for Review

Co-Chair Petrie made the committee aware of the additional materials provided prior to the meeting, including reports received by the committee since the November 2023 meeting.

Next Meeting: Wednesday, July 17 at 1 p.m., Sen. Chris McDaniel, Chair

Adjournment

With no further business before the committee, the meeting was adjourned at 2:21 PM.