

# **INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE**

## **Minutes of the Sixth Meeting of the 2024 Interim**

**November 6, 2024**

### **Call to Order and Roll Call**

The sixth meeting of the Interim Joint Committee on Appropriations and Revenue was held on November 6, 2024, at 1:00 PM in Room 149 of the Capitol Annex. Senator Christian McDaniel, 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 Gary Boswell, Matthew Deneen, Donald Douglas, Shelley Funke Frommeyer, David P. Givens, Amanda Mays Bledsoe, Gerald A. Neal, Michael J. Nemes, and Robin L. Webb; Representatives Adam Bowling, Josh Bray, Stephanie Dietz, Myron Dossett, Patrick Flannery, Ken Fleming, Deanna Frazier Gordon, Chris Fugate, Al Gentry, Mark Hart, Bobby McCool, Shawn McPherson, Ruth Ann Palumbo, Josie Raymond, and Steve Riley.

Guests: Jeff Noel, Secretary, Cabinet for Economic Development; Katie Smith, Deputy Secretary, Cabinet for Economic Development; Matthew Wingate, General Counsel, Cabinet for Economic Development; Laurance VanMeter, Chief Justice, Kentucky Supreme Court; Carole Henderson, Budget Director, Administrative Office of the Courts; Jenny Lafferty, Director, Finance and Administration, Administrative Office of the Courts; John Moore, Deputy State Highway Engineer, Transportation Cabinet; Richard Dobson, Executive Director, Office of Sales & Excise Taxes, Department of Revenue; and Bethany Atkins Rice, Executive Director, Office of Legal Services for Revenue, Finance and Administration Cabinet.

LRC Staff: Jennifer Hays, Cynthia Brown, Katy Jenkins, and Heather Hamilton.

### **Approval of Minutes**

Senator Boswell made a motion, seconded by Senator Douglas, to approve the minutes of the October 16, 2024, meeting. The motion passed by voice vote.

### **GRANT Program Discussion**

Jeff Noel, Secretary, Cabinet for Economic Development (CED), discussed the Government Resources Accelerating Needed Transformation (GRANT) program objective and application process. He added with Grant Ready Kentucky, Area Development Districts, and the CED working together, there has been a joint learning effort in helping local communities. He testified to the number of projects approved across the state, the funds already authorized, and the \$133 million in funds still available.

Representative Petrie commented on the presentation, efforts made in building the program, and the feedback of the GRANT program to the committee.

### **Judicial Branch Budget**

Carole Henderson, Budget Director, Administrative Office of the Courts (AOC), discussed the appropriations in House Bill 264 from the 2024 Regular Session. She gave an update on the asset preservation pools for capital projects by stating \$53.5 million has been appropriated. Since July 1, 2024, \$2.8 million has been obligated to 128 projects across 66 counties, and there is an additional \$8.3 million to be obligated for current contracts. She outlined items in the judicial branch budget request that were not appropriated, long-term shortfalls in court operations, and the deficits in the judicial branch appropriations, which total \$24.6 million. She explained the cost saving measures implemented for court operations and their anticipated budget requests for 2026 – 2028 fiscal years. Laurance VanMeter, Chief Justice, Kentucky Supreme Court, commented that the cost saving measures implemented will result in a savings of \$10 million and AOC will not request a supplemental appropriation for 2025.

In response to a question from Senator McDaniel, Chief Justice VanMeter stated that the costs of the new judges are absorbable; however, the increase in operational and facility costs explain the \$24 million deficit. Jenny Lafferty, Director, Finance and Administration, AOC, commented that the sum of the requests not appropriated was \$9.5 million, which in addition to the long-standing deficit, has made the cost savings measures necessary.

In response to a question from Senator McDaniel, Ms. Henderson said AOC did not have the budget forecast for 2025 until July, because she needed to wait until the fiscal year ended in order to estimate their expenses.

In response to a question from Senator Boswell, Ms. Henderson explained worker compensation claims have increased their premium from \$650,000 to \$1.65 million.

In response to Senator McDaniel, Chief Justice VanMeter confirmed that the state is self-insured for worker's compensation. Chief Justice VanMeter and Ms. Henderson highlighted the potential for an increase in worker compensation premiums in the next biennium due to a tragedy that occurred at the Letcher County courthouse.

In response to questions from Representative Petrie, Ms. Henderson testified that the restricted fund carry-forward for fiscal year 2025 is \$51 million, but is expected to be less going into fiscal year 2026. She added the carry-forward funds can be used for one-time costs. Representative Petrie commented on concerns of using a carry-forward in lieu of having a one-time investment account and suggested limiting or delaying any plans for expanding programs until budget items are smoothed out.

Responding to a question from Representative Frazier Gordon, Chief Justice VanMeter commented that cooperation for using the video arraignment system is better within a county than it is between the counties. Ms. Lafferty and Ms. Henderson said that there is a difference in the courtroom recording systems and the video arraignment system, which is a cost savings measure for a local government's budget and not AOC's budget. Senator McDaniel added he hopes their office will continue to encourage the cooperation between agencies to use the video arraignment system the General Assembly has funded.

### **Kentucky Electric Vehicle Charging Program**

Richard Dobson, Executive Director, Office of Sales and Excise Taxes, Department of Revenue (DOR), gave an update on the electric vehicle excise power tax including: tax legislation overview, implementation details, charging station registrations, and annual rate adjustments. DOR has 25 registered accounts covering 51 charging station locations that include 164 chargers. The tax revenues collected since February 2024 total \$338,209.

Responding to a question from Senator McDaniel, Mr. Dobson stated that he did not have a projection on electric vehicle growth. DOR is investigating 28 additional charging locations and 70 more charging stations for compliance. John Moore, Deputy State Highway Engineer, Transportation Cabinet, said he did not have a projection on electric vehicle growth and added he could get an estimate from the motor vehicle department.

Responding to a question from Senator Boswell, Mr. Dobson and Mr. Moore did not have information on the regulation of electric vehicle charging rates to the consumer.

Responding to a question from Senator Funke Frommeyer, Mr. Moore stated that the Transportation Cabinet is working on implementing the federal National Electric Vehicle Infrastructure (NEVI) program to provide only the trunk system for charging stations throughout the state. Once the NEVI framework is in place, the funding limitations to participate in community or destination charging stations will be lifted, but that is years away from happening.

### **Reports Received**

Reports received included the October 2024, Reports from Jennifer Hays, Committee Staff Administrator, Appropriations and Revenue Committee.

**Next Meeting: December 3, 2024 at 1:00 PM chaired by Representative Petrie**

### **Adjournment**

With no further business, the meeting adjourned at 1:45 PM.