INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 1st Meeting of the 2026 Interim

June 3, 2026

Call to Order and Roll Call

The first meeting of the Interim Joint Committee on Appropriations and Revenue was held on June 3, 2026, at 1:00 PM ET/12:00 PM CT 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; Senators Cassie Chambers Armstrong, Shelley Funke Frommeyer, David P. Givens, Scott Madon, Amanda Mays Bledsoe, Matt Nunn, Steve Rawlings, and Craig Richardson; and Representatives Tina Bojanowski, Adam Bowling, Randy Bridges, George Brown Jr., Lindsey Burke, Stephanie Dietz, Ken Fleming, Chris Freeland, Chris Fugate, Mark Hart, Matt Lockett, Shawn McPherson, Steve Riley, Walker Thomas, Timmy Truett, and Wade Williams.

Guests: Dr. Cady Short-Thompson, President, Northern Kentucky University (NKU); Greg Fischer, Chairman, The Fischer Group; Barbara Quackenboss, Executive Director, Office of Income Taxation, Department of Revenue (DOR); and Bethany Atkins Rice, Executive Director, Office of General Counsel, DOR.

LRC Staff: Cynthia Brown, Katy Jenkins, Kevin Miller, Sarah Watts, and Heather Hamilton.

Votruba Young Scholars Academy

Dr. Cady Short-Thompson, President, NKU, discussed the Votruba Young Scholars Academy (VYSA) and changes to help advance the program. Greg Fischer, Chairman, The Fischer Group, explained the positive outcomes of VYSA and why he has invested in the program. Dr. Short-Thompson explained VYSA's funding and how language in 2026 RS HB 500 prohibits Support Education Excellence in Kentucky (SEEK) funding from supporting VYSA.

In response to Chair Petrie, Dr. Short-Thompson discussed the differences between the campus-based commute program of VYSA and the residential programs of the Craft Academy at Morehead State University (Craft) and the Gatton Academy at Western

Kentucky University (Gatton). She explained how in the past for VYSA, SEEK payments followed the student from the district and were used to defray the cost of the program for that district.

Dr. Short-Thompson discussed different funding scenarios and three legislative changes to help the program reach the goal of 600 students. The first change is to permit NKU to restructure its junior-year VYSA students under a School-Based Scholars designation, which would restore SEEK eligibility for those students without double-dipping. The second is to remove VYSA from the 2026 RS HB 500 SEEK exclusion language, which would reverse the unintended consequence that eliminated $1.75 million a year from the program. The third change is to increase the VYSA annual appropriation to $5.95 million, which would create parity with Gatton and Craft and fully activate the $5.44 million private match.

In response to Senator Funke Frommeyer, Dr. Short-Thompson stated without the changes to funding they would not have the money to grow VYSA or offer preparatory programs for entering VYSA.

Representative Hart commented on the opportunities VYSA gives to students in underserved areas and the success it has had in Pendleton County.

In response to Senator Givens, Dr. Short-Thompson stated they had wanted, like other academies, to have private investments matched in the same way. VYSA is different, because it serves 15 districts with very different populations and, as a result, have different dynamics regarding district partnerships.

Taxation of Financial Deposit Institutions

Barbara Quackenboss, Executive Director, Office of Income Taxation, DOR, gave a brief overview and history of the taxation of financial institutions. As of January 1, 2021, banks are taxed at the corporation tax level and at the limited liability entity tax (LLET) level.

In response to Chair Petrie, Ms. Quackenboss shared there are administrative regulations related to the apportionment statute KRS 141.120.

In response to Senator Mays Bledsoe, Bethany Atkins Rice, Executive Director, Office of General Counsel, DOR, stated under KRS 141.040 there are types of entities that are exempt from corporation income tax.

In response to Representative Williams, Ms. Quackenboss explained the (LLET) and corporate tax receipts are added together. Therefore, she cannot provide the amount that each tax produces per year. Changing the current tax structure to a flat rate would create a huge loss, in the millions.

Chair Petrie commented on renewal fees for limited liability companies in Kentucky compared to other states.

In response to Senator Funke Frommeyer, Ms. Rice explained the state refers to the federal tax code on whether a financial institution is taxed.

In response to Chair Petrie, Ms. Rice stated the state bank franchise tax was repealed in 2021, which may have created differences in the taxation of financial institutions.

Representative Fleming commented on the difference between credit unions and banks.

Correspondence Received

Correspondence received included Interim Allotment Adjustments for FY 2026, Interim Emergency Appropriation Increases for FY 2026, Interim Appropriation Revisions for Third Quarter FY 2026, and Interim Appropriation Revisions for Fourth Quarter FY 2026 from Jenny Bannister, Deputy Director, Office of Budget Review, Legislative Research Commission (LRC).

Reports Received

Reports received November 2025-May 2026 from Cynthia Brown, Committee Staff Administrator, Appropriations and Revenue Committee, LRC.

Next Meeting

July 1, 2026, at 1:00 PM ET/12:00 PM CT in Capitol Annex Room 149, chaired by Representative Petrie.

Adjournment

With no further business before the committee, the meeting was adjourned at 1:52 PM ET/12:52 PM CT.