

INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION TECHNOLOGY

Minutes of the 4th Meeting of the 2023 Interim

September 28, 2023

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on September 28, 2023, at 1:00 PM in Room 149 of the Capitol Annex. Representative Phillip Pratt, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representatives Kim King Co-Chair; Phillip Pratt Co-Chair; Senators Gary Boswell, Shelley Funke Frommeyer, Denise Harper Angel, Jason Howell, Robby Mills, Brandon J. Storm, Reginald Thomas, Phillip Wheeler, and Mike Wilson; Representatives Chad Aull, Shane Baker, Ryan Dotson, Daniel Fister, Deanna Frazier Gordon, Daniel Grossberg, Richard Heath, Nima Kulkarni, William Lawrence, Savannah Maddox, Candy Massaroni, Shawn McPherson, Michael Sarge Pollock, Brandon Reed, Rachel Roberts, Sarah Stalker, Ashley Tackett Laferty, Bill Wesley, Richard White, Nick Wilson, and Susan Witten.

Guests: Tom Underwood, State Director, National Federation of Independent Business; Sharla Wells, Director Legislative Affairs, Big Rivers Electric Corporation; Tim Lindahl, President and CEO, Kenergy Corporation; Melissa Hagan, Kenergy Customer; and Dr. Roman Yampolskiy, AI Safety Researcher

LRC Staff: Janine Coy, Eric Rodenberg, Crystal Thompson, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the August 23, 2023, meeting was made by Representative Reed, seconded by Representative McPherson, and approved by voice vote.

Tax Policy on Small Business Health Insurance

Tom Underwood, State Director of the National Federation of Independent Business, spoke about the inequitable tax on health insurance for small businesses. He gave an overview of changes made to the health insurance tax policy over the years and highlighted that health insurance premiums remain taxed on gross at one percent even though the tax may no longer be necessary. With rising health insurance costs, small businesses are experiencing dramatic effects. Mr. Underwood reported that under KRS, there is an expansive category of those that are exempt from the tax, but small businesses and individuals are not.

Responding to Representative King, Mr. Underwood stated he did not currently have estimations for the total revenue from the one percent tax.

Answering a question from Representative Aull, Mr. Underwood stated LRC staff could perform an analysis of the allocation of revenue from the one percent tax.

Representative Pratt gave his perspective on the matter as a small business owner and National Federation of Independent Business member and said he looks forward to reviewing a draft of legislation addressing the issue.

Future with AI

Dr. Roman Yampolskiy, an artificial intelligence researcher that presented on his own behalf, gave an overview of the future of AI from a nonpartisan perspective based on his research of the topic over the last 10 years. He reported that it was projected by experts, over a decade ago, that by 2023, technology will exist with computational capacity comparable to that of a human brain. In spring 2023, OpenAI released GPT – 4, which can garner similar standardized test results as a human performing in the top percentile. Top field professionals predict that AI technology will reach artificial general intelligence levels within two to three years. Artificial general intelligence is a hypothetical intelligent agent that could learn to accomplish any intellectual task that a human being can perform. Dr. Yampolskiy reported that evolving technology may lead to artificial superintelligence, a hypothetical agent that possesses intelligence that surpasses that of any human. Many researchers have expressed concerns if it will be possible to control artificial superintelligence, but Dr. Yampolskiy cautioned that any solutions to future challenges must be explainable, comprehensible, predictable, verifiable, and unambiguously communicative.

Addressing Senator Thomas, Dr. Yampolskiy stated he did not want to give specific legislative recommendations but explained, as AI advances, who controls the future artificial superintelligence will not matter because the technology will be an independent agent. The key to any solutions will be to learn from the systems over time to deploy more capable systems that meet acceptable safety and security standards.

Responding to Representative Baker, Dr. Yampolskiy discussed the threat created by deepfake AI which is a type of AI technology used to create convincing images, audio, and video by manipulating existing source content. Without intelligence limits, this type of AI has endless capabilities that cannot be regulated by any law.

Representative Grossberg detailed his thoughts on the future of AI, comparing AI to the discovery of fire or language. He stressed the nonpartisan nature of the subject, and discussed the importance of exploring targeted parameters. In response to a question, Dr. Yampolskiy suggested incentivizing companies and business leaders to monetize existing technology instead of rashly developing newer technology.

Answering a question from Representative Kulkarni, Dr. Yampolskiy discussed the differences between super intelligence security and standard cybersecurity and nonexistent emotional biases of AI.

Replying to Representative Stalker, Dr. Yampolskiy discussed the short-and long-term effects of deploying AI technology on the workforce.

Responding to Representative Dotson, he spoke about using cryptographic information to determine source origins in cases when deepfake technology is used.

Addressing remarks made by Representative McPherson, he further discussed the irrelevance of who will be in control of future artificial superintelligence.

In response to Senator Howell, Dr. Yampolskiy said researchers are studying direct human computer interfaces and protection for freedom of human thought.

Representative Pratt thanked Representative Grossberg for recommending that Dr. Yampolskiy present to the committee and emphasized the bipartisan nature of the matter.

Kenergy Broadband Project Update

Tom Lindahl, President and CEO of Kenergy, gave a brief historical overview of utility related legislation that eventually led to the passage of 2021 Regular Session HB 320. The legislation appropriated funding to expand broadband and invest in infrastructure. As a result, Kenergy has embarked on a broadband deployment project to bring internet service to unserved and underserved Kentuckians. Initially, Kenergy's 14 county service area had 23,000 unserved and underserved homes based on Federal Communication Commission maps. Thus far, Kenergy has connected over 2,000 homes in 2023 and has over 8,000 more in progress. He stated that the project is a joint venture made possible through local, state, and federal grant funds in conjunction with Kenergy's banking partners and internet service provider. Melissa Hagan, a Kenergy customer, testified about her experience since obtaining sustainable fiber internet service.

Answering a question from Senator Mills, Mr. Lindahl stated Kenergy has not received any state funding for the project, but a funding application is pending. In response to a follow up, he expanded on the cost of service and noted Kenergy's costs to set up a broadband connection at a home or business is one of the lowest in the state at about \$3,000.

Responding to Senator Boswell, Mr. Lindahl said Kenergy divides costs of infrastructure amongst all membership of the cooperative to provide reliable broadband service to its customers.

Addressing a question from Representative Pratt, Sharla Wells, Director of Legislative Affairs for Big Rivers Electric, confirmed that 2021 Regular Session HB 320 granted electric cooperatives the authority to leverage up to 25 percent of their total assets for capital investment into an affiliate with a subsidiary. Representative Pratt continued by commenting on broadband mapping and pole attachment challenges.

Adjournment

There being no further business before the committee, the meeting adjourned at 2:17 p.m.