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

Minutes of the 4th Meeting of the 2025 Interim

September 25, 2025

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 25, 2025, at 1:00 PM in Room 149 of the Capitol Annex. Representative Deanna Gordon, Chair, called the meeting to order, and the secretary called the roll.

Present were:
Members: Representative Deanna Gordon, Co-Chair; Senator Phillip Wheeler, Co-Chair; Representative Kim King, Co-Chair; Senators Gary Boswell, Shelley Funke Frommeyer, Jason Howell, Matt Nunn, Mike Wilson, and Max Wise; and Representatives Shane Baker, Daniel Fister, Daniel Grossberg, John Hodgson, Nima Kulkarni, Matthew Lehman, Chris Lewis, Shawn McPherson, Adam Moore, Michael Sarge Pollock, Ashley Tackett Laferty, Nancy Tate, Aaron Thompson, Bill Wesley, Mitch Whitaker, Richard White, Nick Wilson, and Susan Witten.

Guests: John Hughes, Director for Public Affairs, Kentucky Chamber of Commerce (the Chamber); Ameet Patel, President and CEO, Thoroughbred Hospitality Group; David Brock, Executive Director, Office of Entrepreneurship and Innovation, Cabinet for Economic Development (CED); Matt Wingate, General Counsel, CED; Hank Phillips, President and CEO, Kentucky Travel Industry Association (KTIA); Lori Tatum Murphy, Executive Director, Visit Richmond; Abby Dixon, Executive Director, Henderson Tourism Commission; and Prakash Maggan, CEO, Rainmaker Hospitality.

LRC Staff: Janine Coy, Christian Deeter, and Sasche Allen.

Approval of August Minutes
A motion to approve the minutes from the August 28, 2025, meeting was made by Representative Fister, seconded by Representative McPherson, and approved by voice vote.

Kentucky Small Business Update
John Hughes, Director of Public Affairs, the Chamber, and Ameet Patel, President and CEO, Thoroughbred Hospitality Group, incoming chair of the Chamber's Small Business Council, discussed the Chamber's efforts to support small businesses. They noted recent pro-growth

policies enacted by the General Assembly, including income tax reductions, regulatory modernization, and workforce development initiatives. Mr. Patel shared his experience as a small business owner and highlighted challenges such as workforce shortages, inadequate childcare, rising insurance costs, and inflation-related increases in construction and labor expenses. He emphasized the hospitality industry's contribution to economic development and noted a planned multimillion-dollar expansion in Frankfort. Mr. Hughes reiterated concerns regarding childcare access and housing availability and stated that the Chamber will prioritize legislation on these issues, along with workforce participation, during the upcoming session.

In response to Senator Funke Frommeyer, Mr. Patel stated his business is considering offering a childcare stipend as an employee benefit to alleviate the childcare-related pressures facing the workforce. He noted that retaining employees is more efficient than recruiting new ones. In response to a follow-up question, he confirmed that the cost of employee healthcare plans has tripled over the past three years, making them increasingly difficult to sustain.

In response to Senator Boswell, Mr. Patel stated that his business was founded on the principle of giving back and supporting communities across the Commonwealth. He highlighted charitable activities, including back-to-school events and collecting donations to assist populations affected by natural disasters.

Kentucky Angel Investment Tax Credit Program Update

David Brock, Executive Director, Office of Entrepreneurship and Innovation, CED, and Matt Wingate, General Counsel, CED, presented an overview of the Kentucky Angel Investment Tax Credit (KAITC) program. The program encourages individual investors to provide capital to qualified small businesses to promote job creation and the development of new technologies. The credit equals 25 percent of the investment in non-enhanced counties and 40 percent in enhanced counties, with an annual program cap of $3 million. Investors may claim up to $200,000 in credits per year, and credits are nonrefundable but transferable with Department of Revenue approval and may be carried forward for up to 15 years. Businesses are subject to a five-year reporting period.

Since the program's inception, 317 businesses have been certified, with 117 businesses successfully attracting investment, and a total of 445 investors and 750 investments totaling $57.2 million. They highlighted other state and federal initiatives that support early-stage business growth, including Kentucky Innovation's six regional Innovation Hubs, the state Small Business Innovation Research and Small Business Technology Transfer matching funds program, the Kentucky Enterprise Fund, and the State Small Business Credit Initiative. Collectively, these programs have leveraged more than $600 million in capital, supported over 15,000 entrepreneurs, and contributed to the creation of 2,637 startup jobs statewide.

In response to Senator Nunn, Mr. Brock confirmed the Kentucky Enterprise Fund is subject to the same restrictions on eligible industry sectors and is aligned with research conducted at state colleges and universities.

In response to Co-Chair Wheeler, Mr. Wingate indicated the methodology for determining whether a county is enhanced or non-enhanced is established by statute. There are approximately 90 enhanced counties. Answering a follow up question, Mr. Wingate stated he did not have specific data regarding investments by region but would follow up later. Mr. Brock confirmed a majority of the investments and claimed credits were in non-enhanced counties. CED would be willing to discuss reassessing the specifications for enhanced and non-enhanced counties.

In response to Senator Boswell, Mr. Wingate confirmed counties are recertified annually and unemployment rates are taken into consideration. Mr. Brock stated businesses receiving KAITC are not tracked for performance by CED but could be gleaned from the Secretary of State records. Senator Boswell asked CED to provide that number to members.

In response to Representative Lehman, Mr. Wingate reiterated that participating businesses must have at least 50 percent of their assets, operations, and employees located in Kentucky, noting that CED's policy applies this requirement in the aggregate. He added businesses should first be evaluated to identify their needs and sound policy must be in place to support their growth.

State of the Tourism Industry
Mr. Hank Phillips, President and CEO, KTIA; Lori Tatum Murphy, Executive Director, Visit Richmond; Abby Dixon, Executive Director, Henderson Tourism Commission; and Mr. Prakash Maggen, CEO, Rainmaker Hospitality, provided an update on the Commonwealth's tourism sector. The presenters reported that tourism generates an estimated $14 billion in economic impact, supports approximately 100,000 jobs, and contributes $1 billion in state and local tax revenue. Mr. Maggen noted that although the hotel industry experienced a strong rebound following the pandemic, recent demand has slowed. Rising expenses, interest rates, and construction costs were identified as current challenges. Ms. Murphy discussed the significance of the state's one percent transient room tax and highlighted the impact of American Rescue Plan Act funded advertising campaigns, including the "Joy Ride" initiative. She emphasized ongoing efforts to ensure compliance with tax regulations for short-term rental properties. Ms. Dixon underscored the value of collaboration among local tourism offices, the Department of Tourism, and national media partners in promoting the Commonwealth. The presenters collectively emphasized that tourism should be viewed not as a cost but as an investment in Kentucky's economic vitality.

In response to Representative Baker, Mr. Phillips reported that the tourism industry generated a $14.1 billion economic impact in 2024, compared to approximately $13.2 billion in 2023. Mr. Maggen noted that the hotel industry began experiencing a decline in spring 2025.

Representative Wesley acknowledged and thanked Ms. Murphy for her efforts in Madison County.

In response to Representative Moore, Ms. Murphy discussed the use of artificial intelligence in tourism marketing and emphasized the importance of fact checking online information to ensure potential visitors receive accurate details. Ms. Dixon added that 60 percent of individuals who use Google rely on information presented by artificial intelligence and do not visit the official websites.

In response to Senator Nunn, Ms. Murphy explained that tourism commissions are statutorily required to include three hoteliers, one restaurant representative, one member of the local chamber of commerce, and two appointees from the mayor or county judge/executive. The commission determines the allocation of transient tax funds and has the primary goal of attracting visitors to its area and the Commonwealth. Mr. Maggen added funding can be used for special projects, provided there is a demonstrable benefit to tourism efforts.

In response to Representative Lehman, Mr. Phillips discussed the relationship between the tourism industry and the bourbon sector. He noted that despite recent challenges, bourbon remains a signature Kentucky industry that continues to be promoted within the tourism sector.

In response to Senator Funke Frommeyer, Mr. Phillips highlighted KTIA’s partnership with Kentucky State Parks, noting that the commissioner serves on KTIA’s board and all state parks are members. Ms. Murphy and Ms. Dixon described partnerships with state parks in their respective regions and emphasized the critical role state parks play in the tourism industry. Mr. Phillips confirmed all state parks and resorts are actively promoted and in compliance with state transient tax regulations.

Adjournment

There being no further business before the committee, the meeting adjourned at 2:20 PM.