

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection

Minutes of the 2nd Meeting of the 2020 Interim

July 8, 2020

Call to Order and Roll Call

The 2nd meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, July 8, 2020, at 9:00 AM, in Room 154 of the Capitol Annex. Senator Rick Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Lynn Bechler, Co-Chair; Senator Max Wise; Representatives Terri Branham Clark, David Hale, Savannah Maddox, Ruth Ann Palumbo, Bart Rowland, Dean Schamore, and Russell Webber.

Guests: Patricia J. Knight, CPA, Vice President of Finance and Operations, VisitLEX; and Michelle Allen, Executive Director, Somerset-Pulaski County Convention and Visitors Bureau.

LRC Staff: Sara Rome, Kevin Newton, Joseph Holt, and Amie Elam.

Approval of minutes

Representative David Hale made a motion to approve the minutes from the June 3 meeting. The motion was seconded by Senator Max Wise, and the minutes were approved without objection.

Impact of COVID-19 on Kentucky Tourism

Patricia J. Knight, CPA, Vice President of Finance and Operations, VisitLEX provided an overview of the loss of tourism revenues for Lexington due to the COVID-19 pandemic.

In response to a question from Representative Webber, Ms. Knight confirmed that hotels in Lexington had lost \$60 million from March to the end of June, 2020. Ms. Knight stated that interstate and extended stay hotels have fared better than others during COVID-

19 related shut downs. Ms. Knight noted that hotels with meeting spaces have seen large revenue losses due to the pandemic, and that some could eventually be forced to close. Ms. Knight estimated a minimum of two to three years before businesses fully recover.

In response to a question from Senator Wise, Ms. Knight said that the American Hotel and Lodging Association had implemented guidelines for hotels. Ms. Knight stated that hotel owners and employees are very concerned with making sure their properties are clean and safe places to stay.

In response to a question from Representative Branham Clark, Ms. Knight noted that marketing efforts would be key to help people understand the steps businesses take to ensure safety. Ms. Knight stated that the typical COVID-19 standards for the service industry are having employees in masks, encouragement of visitors and customers to wear masks, ample amounts of hand sanitizer in high contact areas, and impressing upon people the need to social distance.

In response to questions from Representative Maddox, Ms. Knight confirmed that a hotel room is required to be vacant for 48 hours before staff can come in and clean. Ms. Knight stated that with the decrease in the amount people travel, the 48 hour hold hasn't effected business.

In response to a question from Chair Girdler, Ms. Knight noted that hotels which are not located along interstates or are not extended stay properties have not fared well financially during the COVID-19 pandemic.

In response to a question from Representative Branham Clark, Ms. Knight said that many hospitality businesses located within airports were able to receive benefits through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Ms. Knight noted that VisitLEX considers the Blue Grass Airport essential to tourism in Lexington.

Michelle Allen, Executive Director, Somerset-Pulaski County Convention and Visitors Bureau provided an overview of the impact that the COVID-19 pandemic has had on tourism in the Lake Cumberland area.

In response to a question Representative Webber, Ms. Allen confirmed that lodging occupancy for the Lake Cumberland area went from 94 percent in the summer of 2019 to an expected 45 percent in the summer of 2020.

In response to a question from Chair Girdler, Ms. Allen noted that the governor's administration has been helpful and collaborative with local tourism officials. Ms. Allen stated that Kentucky had been behind other states in tourism long before the COVID-19 pandemic.

There being no further business before the subcommittee, the meeting was adjourned at 10:04 AM.