

BUDGET REVIEW SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND ENVIRONMENTAL PROTECTION

Minutes of the 1st Meeting of the 2024 Interim

July 17, 2024

Call to Order and Roll Call

The first meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection was held on July 17, 2024, at 9:00 AM in Room 154 of the Capitol Annex. Senator Gary Boswell, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Gary Boswell Co-Chair; Representative Chris Fugate Co-Chair; Senators and Brandon Smith; Representatives Josh Bray, Chad Aull, and Mark Hart.

Guests: Kevin Schwalb, Executive Vice President, Textile Rental Service Association (TRSA); Ankur Gopal, Chief Executive Officer and Founder, Interapt; Stephen Hinz, Consultant, Interapt

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

Uniform Manufacturing Taxation

Kevin Schwalb and Timothy Eifler from The Linen, Uniform, and Facility Services Association (TRSA) addressed the committee regarding the impact of 2018 tax policy. It is TRSA's opinion that the Kentucky Department of Revenue's (DOR) interpretation of the 2018 legislation has resulted in a double sales tax being imposed on textiles.

In response to a question from Chair Boswell, Mr. Eifler suggested that DOR could resolve the double taxation issue by changing its position on how sales tax is applied to the affected industries. Alternatively, companies are seeking relief from the legislature if DOR does not change its stance. TRSA recommends that the legislature amend the Kentucky sales and use tax statutes, retroactive to July 1, 2018, to clarify that industry members are entitled to the sale for resale exemption. He added that no refunds will need to be issued, as no payments have been made.

Information Technology Workforce Program

Ankur Gopal and Stephen Hinz discussed Interapt's model for combining immersive technical training and on-the-job apprenticeship to upskill and reskill tech talent.

In response to a question from Representative Aull, Mr. Gopal said that Interapt is in the early stages of talks with the Commonwealth Office of Technology to address ongoing mainframe issues within state government.

In response to a question from Senator Smith, Mr. Gopal stated that Interapt's project in Eastern Kentucky was a challenging endeavor. He mentioned that the company had previously worked with highly educated staff possessing strong foundational skills. Despite the project's positive metrics, Mr. Gopal acknowledged that not everyone viewed the venture as successful. He reported that 30 out of 55 individuals secured employment through the project, with many still holding those positions. Additionally, Mr. Gopal highlighted the valuable lessons learned during the project and the investments made to enhance the program's quality.

Adjournment

There being no further business to come before the subcommittee the meeting adjourned at 10:00 a.m.