

CHAPTER 95**(SB 40)**

AN ACT relating to reorganization.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. KRS 11.065 is amended to read as follows:

- (1) The secretaries of the Justice Cabinet, the Education, Arts, and Humanities Cabinet, the Natural Resources and Environmental Protection Cabinet, the Transportation Cabinet, the Cabinet for Economic Development, the Public Protection and Regulation Cabinet, the Cabinet for Health Services, the Cabinet for Families and Children, the Finance and Administration Cabinet, the Revenue Cabinet, the **Commerce**~~{Tourism—Development}~~ Cabinet, the Labor Cabinet, the Personnel Cabinet, the Governor's Executive Cabinet, the state budget director, the Governor's chief of staff, and the Lieutenant Governor shall constitute the Governor's Executive Cabinet. There shall be a vice chairman appointed by the Governor who shall serve in an advisory capacity to the Executive Cabinet. The Governor shall be the chairman, and the secretary of the Finance and Administration Cabinet shall be a second vice chairman of the Executive Cabinet. The Governor may designate others to serve as vice chairman.
- (2) The cabinet shall meet not less than once every two (2) months and at other times on call of the Governor. The Executive Cabinet shall be a part of the Office of the Governor and shall not constitute a separate department or agency of the state. Members of the cabinet shall be the major assistants to the Governor in the administration of the state government and shall assist the Governor in the proper operation of his office and perform other duties the Governor may require of them.
- (3) The cabinet shall consider matters involving policies and procedures the Governor or any member may place before it. The cabinet shall advise and consult with the Governor on all matters affecting the welfare of the state.

Section 2. KRS 11.180 is amended to read as follows:

- (1) There is hereby established the Kentucky Appalachian Commission for the purpose of developing a comprehensive plan for the Appalachian region of Kentucky in the context of development planning for the Commonwealth as a whole. Its goal shall be the unification of resources from both the public and private sectors to achieve sustainable economic development and an improved quality of life in the region.
- (2) The commission shall be attached to the **Department of Local Government**~~{Governor's Office}~~ for administrative purposes.

Section 3. KRS 11.182 is amended to read as follows:

- (1) The membership of the commission shall consist of forty-eight (48) members who have the resources to accomplish the goals set forth in Kentucky's Appalachian Development Plan created under KRS 11.180(1).
 - (a) Ex-officio members shall be: the Governor; secretary of the Governor's Executive Cabinet; secretary of the Cabinet for Economic Development; secretary of the Transportation Cabinet; secretary of the Natural Resources and Environmental Protection Cabinet; secretary of the **Commerce**~~{Tourism—Development}~~ Cabinet;

secretary of the Cabinet for Families and Children; secretary of the Cabinet for Health Services; secretary of the Cabinet for Workforce Development; secretary of the Education, Arts, and Humanities Cabinet; commissioner of the Department of Agriculture; president of the Council on Postsecondary Education; president of the Kentucky Community and Technical College System; commissioner of the Department of Education; commissioner of the Department for Local Government; executive director of the Kentucky Housing Corporation; Governor's alternate to the Appalachian Regional Commission; president of Morehead State University; executive director of the University of Kentucky Appalachian Center; director of the Center for Kentucky Rural Economic Development; state director of Rural Development of the United States Department of Agriculture; executive director of the East Kentucky Corporation; chair of the Kentucky Appalachian Advisory Council's steering committee; and two (2) vice chairs of the Kentucky Appalachian Advisory Council's Steering Committee.

(b) Members appointed by the Governor shall be:

1. A county judge/executive, mayor, executive director of an area development district, president of a community college, member of the House of Representatives, member of the Senate, and member of the state's judicial branch, all of whom shall be currently serving in the Appalachian region of the Commonwealth. The members who are a representative, a senator, and a representative of the judicial branch shall serve in a nonvoting capacity;
2. Nine (9) at-large members; and
3. One (1) member representing the Community Action Agencies of Appalachian Kentucky.

(c) Members appointed by and representing certain entities shall be: two (2) members of the Kentucky Appalachian Advisory Council; one (1) member of the University of Kentucky Office of Management and Budget; one (1) member from the Christian Appalachian Project; one (1) member appointed by the United States Representative from the Fifth Congressional District; and one (1) member appointed by the East Kentucky Leadership Foundation's board of directors.

- (2) Members listed in subsection (1)(a) and (b)1. of this section shall serve during their terms of office or appointment. Members listed in subsection (1)(b)2., (1)(b)3., and (1)(c) of this section shall serve four (4) year staggered terms and may be reappointed.
- (3) Members of the commission who are not state employees shall receive reimbursement for actual and necessary expenses incurred in the performance of their duties.
- (4) Each member of the commission may designate in writing over his signature an alternate with full authority, in the absence of the designating member for any reason, to attend any properly convened meeting of the commission and to participate in the consideration of any business and transactions of the commission. Any designation of an alternate may, in the discretion of the designating member, be limited to be effective only for a designated meeting or only for specified business. An alternate shall not be entitled to vote upon any business or transactions of the commission.

Section 4. KRS 11.200 is amended to read as follows:

- (1) There is created the Commission on Small Business Advocacy. The commission shall be a separate administrative body of state government within the meaning of KRS 12.010(8).
- (2) It shall be the purpose of the Commission on Small Business Advocacy to:
 - (a) Address matters of small business as it relates to government affairs;
 - (b) Promote a cooperative and constructive relationship between state agencies and the small business community to ensure coordination and implementation of statewide strategies that benefit small business in the Commonwealth;
 - (c) Coordinate and educate the small business community of federal, state, and local government initiatives of value and importance to the small business community;
 - (d) Create a process by which the small business community is consulted in the development of public policy as it affects their industry sector;
 - (e) Aid the small business community in navigating the regulatory process, when that process becomes cumbersome, time consuming, and bewildering to the small business community; and
 - (f) Advocate for the small business, as necessary when regulatory implementation is overly burdensome, costly, and harmful to the success and growth of small businesses in the Commonwealth.
- (3) The Commission on Small Business Advocacy shall consist of thirty-one (31) members:
 - (a) The Governor, or the Governor's designee;
 - (b) The secretaries of the following cabinets, or their designees:
 1. Economic Development;
 2. Natural Resources and Environmental Protection;
 3. Revenue; and
 4. Transportation;
 - (c) The state director of the Small Business Development Centers in Kentucky;
 - (d) One (1) representative of each of the following organizations, appointed by the Governor from a list of three (3) nominees submitted by the governing bodies of each organization:
 1. Associated Industries of Kentucky;
 2. National Federation of Independent Business;
 3. Kentucky Chamber of Commerce;
 4. Kentucky Federation of Business and Professional Women's Club, Inc.;
 5. Kentucky Retail Federation;
 6. Professional Women's Forum;
 7. Kentuckiana Minority Supplier Development Council;
 8. Greater Lexington Chamber of Commerce;
 9. Lexington chapter of the National Association of Women Business Owners;

10. Greater Louisville, Inc.;
 11. Louisville chapter of the National Association of Women Business Owners;
 12. Northern Kentucky Chamber of Commerce, Inc.;
 13. Northern Kentucky - Greater Cincinnati chapter of the National Association of Women Business Owners;
 14. Kentucky Association of Realtors;
 15. Henderson - Henderson County Chamber of Commerce;
 16. Kentucky Coal Council;
 17. Kentucky Farm Bureau Federation; and
 18. Kentucky Homebuilders Association;
- (e) One (1) representative from small business from each of the following areas, appointed by the Governor:
1. A city of the second class;
 2. A city of the third class;
 3. A city of the fourth class; and
 4. A city of the fifth class;
- (f) One (1) representative who is a small business owner served by each of the following organizations, appointed by the Governor:
1. The Center for Rural Development; and
 2. Community Ventures Corporation; and
- (g) One (1) representative who is a small business owner under the age of thirty-five (35), appointed by the Governor.
- (4) The terms of all members appointed by the Governor shall be for four (4) years, except that the original appointments shall be staggered so that seven (7) appointments shall expire at two (2) years, seven (7) appointments shall expire at three (3) years, and seven (7) appointments shall expire at four (4) years from the dates of initial appointment.
- (5) The Governor shall appoint the chair and vice chair of the commission from the list of appointed members.
- (6) The commission shall meet quarterly and at other times upon call of the chair or a majority of the commission.
- (7) A quorum shall be a majority of the membership of the commission.
- (8) Members of the commission shall serve without compensation but shall be reimbursed for their necessary travel expenses actually incurred in the discharge of their duties on the commission, subject to Finance and Administration Cabinet administrative regulations.
- (9) ***The commissioner of the Department of Community Development***~~[There shall be an executive director, who]~~ shall be the administrative head and chief executive officer of the commission~~[, recommended by the commission and appointed by the Governor]~~. The

~~secretary~~~~executive director~~ shall have authority to hire staff, contract for services, expend funds, and operate the normal business activities of the commission.

- (10) The Commission on Small Business Advocacy shall be an independent agency attached to the *Department of Community Development*~~office of the Governor~~.

Section 5. KRS 11.515 is amended to read as follows:

- (1) There is hereby established a Geographic Information Advisory Council to advise the chief information officer on issues relating to geographic information and geographic information systems.
- (2) The council shall establish and adopt policies and procedures that assist state and local jurisdictions in developing, deploying, and leveraging geographic information resources and geographic information systems technology for the purpose of improving public administration.
- (3) The council shall closely coordinate with users of geographic information systems to establish policies and procedures that insure the maximum use of geographic information by minimizing the redundancy of geographic information and geographic information resources.
- (4) The Geographic Information Advisory Council shall consist of twenty-six (26) members and one (1) legislative liaison. The members shall be knowledgeable in the use and application of geographic information systems technology and shall have sufficient authority within their organizations to influence the implementation of council recommendations.
 - (a) The council shall consist of:
 1. The secretary of the Transportation Cabinet or his designee;
 2. The secretaries of the Cabinet for Health Services and of the Cabinet for Families and Children or their designees;
 3. The director of the Kentucky Geological Survey or his designee;
 4. The secretary of the Revenue Cabinet or his designee;
 5. The chief information officer or her or his designee;
 6. The secretary of the Economic Development Cabinet or his designee;
 7. The commissioner of the Department for Local Government or his designee;
 8. The secretary of the Justice Cabinet or his designee;
 9. One (1) member appointed by the Governor from a list of three (3) persons submitted by the president of the Council on Postsecondary Education;
 10. The adjutant general of the Department of Military Affairs or his designee;
 11. The commissioner of the Department of Education or his designee;
 12. The secretary of the Natural Resources and Environmental Protection Cabinet or his designee;
 13. The Commissioner of the Department of Agriculture or his designee;
 14. The secretary of the Public Protection and Regulation Cabinet or his designee;
 15. The secretary of the *Commerce*~~Tourism Development~~ Cabinet or his designee;

16. Two (2) members appointed by the Governor from a list of six (6) persons submitted by the president of the Kentucky League of Cities;
 17. Two (2) members appointed by the Governor from a list of six (6) persons submitted by the president of the Kentucky Association of Counties;
 18. One (1) member appointed by the Governor from a list of three (3) persons submitted by the president of the Kentucky Chapter of the American Planning Association;
 19. One (1) member appointed by the Governor from a list of three (3) persons submitted by the president of the Kentucky Chamber of Commerce;
 20. One (1) member appointed by the Governor from a list of three (3) persons submitted by the president of the Kentucky Association of Land Surveyors;
 21. One (1) member appointed by the Governor from a list of three (3) persons submitted by the president of the Kentucky Society of Professional Engineers;
 22. One (1) member appointed by the Governor from a list of three (3) persons submitted by the chairman of the Kentucky Board of Registered Geologists; and
 23. One (1) member appointed by the Governor from a list of three (3) persons submitted by the president of the Council of Area Development Districts.
- (b) The council shall have one (1) nonvoting legislative liaison, to be appointed by the Legislative Research Commission.
- (5) The council shall select from its membership a chairman and any other officers it considers essential. The council may have committees and subcommittees as determined by the council or an executive committee, if an executive committee exists.
- (6) A member of the council shall not:
- (a) Be an officer, employee, or paid consultant of a business entity that has, or of a trade association for business entities that have, a substantial interest in the geographic information industry and is doing business in the Commonwealth;
 - (b) Own, control, or have, directly or indirectly, more than ten percent (10%) interest in a business entity that has a substantial interest in the geographic information industry;
 - (c) Be in any manner connected with any contract or bid for furnishing any governmental body of the Commonwealth with geographic information systems, the computers on which they are automated, or a service related to geographic information systems;
 - (d) Be a person required to register as a lobbyist because of activities for compensation on behalf of a business entity that has, or on behalf of a trade association of business entities that have, substantial interest in the geographic information industry;
 - (e) Accept or receive money or another thing of value from an individual, firm, or corporation to whom a contract may be awarded, directly or indirectly, by rebate, gift, or otherwise; or
 - (f) Be liable to civil action or any action performed in good faith in the performance of duties as a council member.
- (7) Those council members specified in subsection (4)(a) of this section who serve by virtue of an office shall serve on the council while they hold that office.

- (8) Appointed members of the council shall serve for a term of four (4) years. Vacancies in the membership of the council shall be filled in the same manner as the original appointments. If a nominating organization changes its name, its successor organization having the same responsibilities and purposes shall be the nominating organization.
- (9) The council shall have no funds of its own, and council members shall not receive compensation of any kind from the council.
- (10) A majority of the members shall constitute a quorum for the transaction of business. Members' designees shall have voting privileges at council meetings.

Section 6. KRS 11.5163 is amended to read as follows:

- (1) The chief information officer shall establish and implement a statewide public safety interoperability plan. This plan shall include the development of required architecture and standards that will insure that new or upgraded Commonwealth public safety communications systems will interoperate. The Kentucky Wireless Interoperability Executive Committee shall be responsible for the evaluation and recommendation of all wireless communications architecture, standards, and strategies. The chief information officer shall provide direction, stewardship, leadership, and general oversight of information technology and information resources. The chief information officer shall report by September 15 annually to the Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection and the Interim Joint Committee on State Government on progress and activity by agencies of the Commonwealth to comply with standards to achieve public safety communications interoperability.
- (2) The Kentucky Wireless Interoperability Executive Committee shall serve as the advisory body for all wireless communications strategies presented by agencies of the Commonwealth and local governments. All state agencies in the Commonwealth shall present all project plans for primary wireless public safety voice or data communications systems for review and recommendation by the committee, and the committee shall forward the plans to the chief information officer for final approval. Local government entities shall present project plans for primary wireless public safety voice or data communications systems for review and recommendation by the Kentucky Wireless Interoperability Executive Committee.
- (3) The committee shall develop funding and support plans that provide for the maintenance of and technological upgrades to the public safety shared infrastructure, and shall make recommendations to the chief information officer, the Governor's Office for Policy and Management, and the General Assembly.
- (4) The chief information officer shall examine the project plans for primary wireless public safety voice or data communications systems of state agencies as required by subsection (2) of this section, and shall determine whether they meet the required architecture and standards for primary wireless public safety voice or data communications systems.
- (5) The Kentucky Wireless Interoperability Executive Committee shall consist of twenty-one (21) members as follows:
 - (a) A person knowledgeable in the field of wireless communications appointed by the chief information officer who shall serve as chair;
 - (b) The executive director of the Office for Infrastructure Services, Governor's Office for Technology;

- (c) The administrator of the Commercial Mobile Radio Service Emergency Telecommunications Board;
- (d) The executive director of Kentucky Educational Television, or the executive director's designee;
- (e) The chief information officer of the Transportation Cabinet;
- (f) The chief information officer of the Justice Cabinet;
- (g) The chief information officer of the Kentucky State Police;
- (h) The commissioner of the Department of Fish and Wildlife Resources, ~~[- Tourism Development Cabinet,]~~ or the commissioner's designee;
- (i) The chief information officer of the National Resources and Environmental Protection Cabinet;
- (j) The director of the Division of Emergency Management, Department of Military Affairs;
- (k) The executive director of the Office for Security Coordination, Department of Military Affairs;
- (l) The chief information officer, Department for Public Health, Cabinet for Health Services;
- (m) A representative from an institution of postsecondary education appointed by the Governor from a list of three (3) names submitted by the president of the Council on Postsecondary Education;
- (n) The executive director of the Center for Rural Development, or the executive director's designee;
- (o) A representative from a municipal government to be appointed by the Governor from a list of three (3) names submitted by the Kentucky League of Cities;
- (p) A representative from a county government to be appointed by the Governor from a list of three (3) names submitted by the Kentucky Association of Counties;
- (q) A representative from a municipal police department to be appointed by the Governor from a list of three (3) names submitted by the Kentucky Association of Chiefs of Police;
- (r) A representative from a local fire department to be appointed by the Governor from a list of three (3) names submitted by the Kentucky Association of Fire Chiefs;
- (s) A representative from a county sheriff's department to be appointed by the Governor from a list of three (3) names submitted by the Kentucky Sheriffs' Association;
- (t) A representative from a local Emergency Medical Services agency to be appointed by the Governor from a list of three (3) names submitted by the Kentucky Board of Emergency Medical Services; and
- (u) A representative from a local 911 dispatch center to be appointed by the Governor from a list of three (3) names submitted by the Kentucky Chapter of the National Emergency Number Association/Association of Public Safety Communications Officials.

- (6) Appointed members of the committee shall serve for a two (2) year term. Members who serve by virtue of an office shall serve on the committee while they hold that office.
- (7) The committee shall meet quarterly, or as often as necessary for the conduct of its business. A majority of the members shall constitute a quorum for the transaction of business. Members' designees shall have voting privileges at committee meetings.
- (8) The committee shall be attached to the Governor's Office for Technology for administrative purposes only. Members shall not be paid, and shall not be reimbursed for travel expenses.
- (9) The Public Safety Working Group is hereby created for the primary purpose of fostering cooperation, planning, and development of the public safety frequency spectrum as regulated by the Federal Communications Commission, including the 700 MHz public safety band. The group shall endeavor to bring about a seamless, coordinated, and integrated public safety communications network for the safe, effective, and efficient protection of life and property. The Public Safety Working Group membership and other working group memberships deemed necessary shall be appointed by the chair of the Kentucky Wireless Interoperability Executive Committee.
- (10) The committee may establish additional working groups as determined by the committee.

Section 7. KRS 12.020 is amended to read as follows:

Departments, program cabinets and their departments, and the respective major administrative bodies that they include are enumerated in this section. It is not intended that this enumeration of administrative bodies be all-inclusive. Every authority, board, bureau, interstate compact, commission, committee, conference, council, office, or any other form of organization shall be included in or attached to the department or program cabinet in which they are included or to which they are attached by statute or statutorily authorized executive order; except in the case of the Personnel Board and where the attached department or administrative body is headed by a constitutionally elected officer, the attachment shall be solely for the purpose of dissemination of information and coordination of activities and shall not include any authority over the functions, personnel, funds, equipment, facilities, or records of the department or administrative body.

I. Cabinet for General Government - Departments headed by elected officers:

1. The Governor.
2. Lieutenant Governor.
3. Department of State.
 - (a) Secretary of State.
 - (b) Board of Elections.
 - (c) Registry of Election Finance.
4. Department of Law.
 - (a) Attorney General.
5. Department of the Treasury.
 - (a) Treasurer.
6. Department of Agriculture.
 - (a) Commissioner of Agriculture.

- (b) Kentucky Council on Agriculture.
- 7. Auditor of Public Accounts.
- II. Program cabinets headed by appointed officers:
 - 1. Justice Cabinet:
 - (a) Department of State Police.
 - (b) Department of Criminal Justice Training.
 - (c) Department of Corrections.
 - (d) Department of Juvenile Justice.
 - (e) Office of the Secretary.
 - (f) Offices of the Deputy Secretaries.
 - (g) Office of General Counsel.
 - (h) Division of Kentucky State Medical Examiners Office.
 - (i) Parole Board.
 - (j) Kentucky State Corrections Commission.
 - (k) Commission on Correction and Community Service.
 - 2. Education, Arts, and Humanities Cabinet:
 - (a) Department of Education.
 - (1) Kentucky Board of Education.
 - (b) Department for Libraries and Archives.
 - (c) ~~Kentucky Arts Council.~~
 - ~~(d)~~ Kentucky Educational Television.
 - ~~(d)~~~~(e)~~ Kentucky Historical Society.
 - ~~(e)~~~~(f)~~ Kentucky Teachers' Retirement System Board of Trustees.
 - ~~(f)~~~~(g)~~ Kentucky Center for the Arts.
 - ~~(g)~~~~(h)~~ ~~Kentucky Craft Marketing Program.~~
 - ~~(i)~~ Kentucky Commission on the Deaf and Hard of Hearing.
 - ~~(h)~~~~(j)~~ Governor's Scholars Program.
 - ~~(i)~~~~(k)~~ ~~Governor's School for the Arts.~~
 - ~~(j)~~ Operations and Development Office.
 - ~~(j)~~~~(m)~~ ~~Kentucky Heritage Council.~~
 - ~~(n)~~ ~~Kentucky African American Heritage Commission.~~
 - ~~(o)~~ Board of Directors for the Center for School Safety.
 - 3. Natural Resources and Environmental Protection Cabinet:
 - (a) Environmental Quality Commission.

- (b) Kentucky Nature Preserves Commission.
 - (c) Department for Environmental Protection.
 - (d) Department for Natural Resources.
 - (e) Department for Surface Mining Reclamation and Enforcement.
 - (f) Office of Legal Services.
 - (g) Office of Information Services.
 - (h) Office of Inspector General.
4. Transportation Cabinet:
- (a) Department of Highways.
 - 1. Office of Program Planning and Management.
 - 2. Office of Project Development.
 - 3. Office of Construction and Operations.
 - 4. Office of Intermodal Programs.
 - 5. Highway District Offices One through Twelve.
 - (b) Department of Vehicle Regulation.
 - (c) Department of Administrative Services.
 - (d) Department of Fiscal Management.
 - (e) Department of Rural and Municipal Aid.
 - (f) Department of Human Resources Management.
 - (g) Office of the Secretary.
 - (h) Office of General Counsel and Legislative Affairs.
 - (i) Office of Public Affairs.
 - (j) Office of Transportation Delivery.
 - (k) Office of Minority Affairs.
 - (l) Office of Policy and Budget.
 - (m) Office of Technology.
 - (n) Office of Quality.
 - (o) Office of the Transportation Operations Center.
5. Cabinet for Economic Development:
- (a) Department of Administration and Support.
 - (b) Department for Business Development.
 - (c) Department of Financial Incentives.
 - (d) Department of Community Development.
 - (e) Department for Regional Development.

- (f) Tobacco Research Board.
 - (g) Kentucky Economic Development Finance Authority.
 - (h) ***Commission on Small Business Advocacy.***
6. Environmental and Public Protection Cabinet:
- (a) Public Service Commission.
 - (b) Department of Insurance.
 - (c) Department of Housing, Buildings and Construction.
 - (d) Department of Financial Institutions.
 - (e) Department of Mines and Minerals.
 - (f) Department of Public Advocacy.
 - (g) Department of Alcoholic Beverage Control.
 - (h) Kentucky Horse Racing Authority.
 - (i) Board of Claims.
 - (j) Crime Victims Compensation Board.
 - (k) Kentucky Board of Tax Appeals.
 - (l) Office of Petroleum Storage Tank Environmental Assurance Fund.
 - (m) Department of Charitable Gaming.
 - (n) Mine Safety Review Commission.
7. Cabinet for Families and Children:
- (a) Department for Community Based Services.
 - (b) Department for Disability Determination Services.
 - (c) Public Assistance Appeals Board.
 - (d) Office of the Secretary.
 - (1) Kentucky Commission on Community Volunteerism and Service.
 - (e) Office of the General Counsel.
 - (f) Office of Program Support.
 - (g) Office of Family Resource and Youth Services Centers.
 - (h) Office of Technology Services.
 - (i) Office of the Ombudsman.
 - (j) Office of Human Resource Management.
8. Cabinet for Health Services.
- (a) Department for Public Health.
 - (b) Department for Medicaid Services.
 - (c) Department for Mental Health and Mental Retardation Services.

- (d) Kentucky Commission on Children with Special Health Care Needs.
 - (e) Office of Certificate of Need.
 - (f) Office of the Secretary.
 - (g) Office of the General Counsel.
 - (h) Office of the Inspector General.
 - (i) Office of Aging Services.
9. Finance and Administration Cabinet:
- (a) Office of Financial Management.
 - (b) Office of the Controller.
 - (c) Department for Administration.
 - (d) Department of Facilities Management.
 - (e) State Property and Buildings Commission.
 - (f) Kentucky Pollution Abatement Authority.
 - (g) Kentucky Savings Bond Authority.
 - (h) Deferred Compensation Systems.
 - (i) Office of Equal Employment Opportunity Contract Compliance.
 - (j)~~{(j)}~~ ~~Office of Capital Plaza Operations.~~
 - ~~(k)}~~ County Officials Compensation Board.
 - ~~(l)}~~~~{(l)}~~ Kentucky Employees Retirement Systems.
 - ~~(m)}~~~~{(m)}~~ Commonwealth Credit Union.
 - ~~(n)}~~~~{(n)}~~ State Investment Commission.
 - ~~(o)}~~~~{(o)}~~ Kentucky Housing Corporation.
 - ~~(p)}~~~~{(p)}~~ Governmental Services Center.
 - ~~(q)}~~~~{(q)}~~ Kentucky Local Correctional Facilities Construction Authority.
 - ~~(r)}~~~~{(r)}~~ Kentucky Turnpike Authority.
 - ~~(s)}~~~~{(s)}~~ Historic Properties Advisory Commission.
 - ~~(t)}~~~~{(t)}~~ Kentucky Tobacco Settlement Trust Corporation.
 - ~~(u)}~~~~{(u)}~~ Eastern Kentucky Exposition Center Corporation.
 - ~~(v)}~~~~{(v)}~~ State Board for Proprietary Education.
10. Labor Cabinet:
- (a) Department of Workplace Standards.
 - (b) Department of Workers' Claims.
 - (c) Kentucky Labor-Management Advisory Council.
 - (d) Occupational Safety and Health Standards Board.

- (e) Prevailing Wage Review Board.
 - (f) Workers' Compensation Board.
 - (g) Kentucky Employees Insurance Association.
 - (h) Apprenticeship and Training Council.
 - (i) State Labor Relations Board.
 - (j) Kentucky Occupational Safety and Health Review Commission.
 - (k) Office of Administrative Services.
 - (l) Office of Information Technology.
 - (m) Office of Labor-Management Relations and Mediation.
 - (n) Office of General Counsel.
 - (o) Workers' Compensation Funding Commission.
 - (p) Employers Mutual Insurance Authority.
11. Revenue Cabinet:
- (a) Department of Property Valuation.
 - (b) Department of Tax Administration.
 - (c) Office of Financial and Administrative Services.
 - (d) Department of Law.
 - (e) Department of Information Technology.
 - (f) Office of Taxpayer Ombudsman.
12. *Commerce*~~[Tourism Development]~~ Cabinet:
- (a) Department of *Tourism*~~[Travel]~~.
 - (1) *Division of Tourism Services.*
 - (2) *Division of Marketing and Advertising.*
 - (3) *Division of Parks Marketing.*
 - (b) *Kentucky* Department of Parks.
 - (1) *Division of Information Technology.*
 - (2) *Division of Personnel and Payroll.*
 - (3) *Division of Financial Operations.*
 - (4) *Division of Facilities Management.*
 - (5) *Division of Project Administration.*
 - (6) *Division of Customer Services.*
 - (7) *Division of Recreation.*
 - (8) *Division of Golf Courses.*
 - (9) *Division of Food Services.*

- (10) *Division of Rangers.*
- (11) *Division of Eastern Parks.*
- (12) *Division of Southern Parks.*
- (13) *Division of Western Parks.*
- (c) Department of Fish and Wildlife Resources.
 - (1) *Division of Law Enforcement.*
 - (2) *Division of Administrative Services.*
 - (3) *Division of Engineering.*
 - (4) *Division of Fisheries.*
 - (5) *Division of Information and Education.*
 - (6) *Division of Wildlife.*
 - (7) *Division of Public Affairs.*
- (d) Kentucky Horse Park~~[Commission]~~.
 - (1) *Division of Support Services.*
 - (2) *Division of Buildings and Grounds.*
 - (3) *Division of Operational Services.*
- (e) *Kentucky State Fair Board.*
 - (1) *Division of Expositions and Admission.*
 - (2) *Division of Kentucky Fair and Exposition Center Operations.*
 - (3) *Division of Commonwealth Convention Center.*
 - (4) *Division of Public Relations and Media.*
 - (5) *Division of Administrative Services.*
 - (6) *Division of Personnel Management and Staff Development.*
 - (7) *Division of Sales.*
 - (8) *Division of Security and Traffic Control.*
- (f) Office of *the Secretary*~~[Administrative Services.~~
- ~~(g) Office of General Counsel.~~
- ~~(h) Tourism Development Finance Authority].~~
- (g) *Office of Finance and Administration.*
- (h) *Office of Legal Affairs.*
- (i) *Office of Intergovernmental Affairs.*
- (j) *Office of Human Resources.*
- (k) *Office of Public Affairs and Constituent Services.*
- (l) *Office of Information Technology.*

- (m) *Office of Purchase and Procurement.*
 - (n) *Office of Creative Services.*
 - (o) *Office of Capital Plaza Operations.*
 - (p) *Office of Energy Policy.*
 - (q) *Coal Marketing and Export.*
 - (r) *Kentucky Coal Council.*
 - (s) *Kentucky Foundation for the Arts.*
 - (t) *Kentucky Humanities Council.*
 - (u) *Kentucky Heritage Council.*
 - (v) *Kentucky Arts Council.*
 - (w) *Kentucky Historical Society.*
 - (1) *Division of Museums.*
 - (2) *Division of Oral History and Educational Outreach.*
 - (3) *Division of Research and Publications.*
 - (4) *Division of Administration.*
 - (x) *Kentucky Center for the Arts.*
 - (1) *Division of Governor's School for the Arts.*
 - (y) *Kentucky Artisans Center at Berea.*
13. Cabinet for Workforce Development:
- (a) Department for Adult Education and Literacy.
 - (b) Department for Technical Education.
 - (c) Department of Vocational Rehabilitation.
 - (d) Department for the Blind.
 - (e) Department for Employment Services.
 - (f) Kentucky Technical Education Personnel Board.
 - (g) The Foundation for Adult Education.
 - (h) Department for Training and Reemployment.
 - (i) Office of General Counsel.
 - (j) Office of Communication Services.
 - (k) Office of Workforce Partnerships.
 - (l) Office of Workforce Analysis and Research.
 - (m) Office of Budget and Administrative Services.
 - (n) Office of Technology Services.
 - (o) Office of Quality and Human Resources.

(p) Unemployment Insurance Commission.

14. Personnel Cabinet:

- (a) Office of Administrative and Legal Services.
- (b) Department for Personnel Administration.
- (c) Department for Employee Relations.
- (d) Kentucky Public Employees Deferred Compensation Authority.
- (e) Kentucky Kare.
- (f) Division of Performance Management.
- (g) Division of Employee Records.
- (h) Division of Staffing Services.
- (i) Division of Classification and Compensation.
- (j) Division of Employee Benefits.
- (k) Division of Communications and Recognition.
- (l) Office of Public Employee Health Insurance.

III. Other departments headed by appointed officers:

- 1. Department of Military Affairs.
- 2. Council on Postsecondary Education.
- 3. Department for Local Government.
- 4. Kentucky Commission on Human Rights.
- 5. Kentucky Commission on Women.
- 6. Department of Veterans' Affairs.
- 7. Kentucky Commission on Military Affairs.
- 8. The Governor's Office for Technology.
- 9. Commission on Small Business Advocacy.
- 10. Education Professional Standards Board.

Section 8. KRS 12.023 is amended to read as follows:

The following organizational units and administrative bodies shall be attached to the Office of the Governor:

- (1) Council on Postsecondary Education;
- (2) Department of Military Affairs;
- (3) Department for Local Government;
- (4) Kentucky Commission on Human Rights;
- (5) Kentucky Commission on Women;
- (6) Kentucky Commission on Military Affairs;

- (7) ~~Kentucky Coal Council;~~
 (8) Governor's Office of Child Abuse and Domestic Violence Services;
 (8) ~~(9)~~ Governor's Office for Technology;
~~(10) Office of Coal Marketing and Export;~~
 (9) ~~(11)~~ Agricultural Development Board;
~~(12) Commission on Small Business Advocacy;~~
 (10) ~~(13)~~ Office of Early Childhood Development;
 (11) ~~(14)~~ Kentucky Agency for Substance Abuse Policy;
 (12) ~~(15)~~ Education Professional Standards Board; and
 (13) ~~(16)~~ Kentucky Agricultural Finance Corporation.

Section 9. KRS 12.250 is amended to read as follows:

There are established within state government the following program cabinets:

- (1) Justice Cabinet.
- (2) Education, Arts, and Humanities Cabinet.
- (3) Natural Resources and Environmental Protection Cabinet.
- (4) Transportation Cabinet.
- (5) Cabinet for Economic Development.
- (6) Public Protection and Regulation Cabinet.
- (7) Cabinet for Health Services.
- (8) Cabinet for Families and Children.
- (9) Finance and Administration Cabinet.
- (10) **Commerce** ~~Tourism Development~~ Cabinet.
- (11) Revenue Cabinet.
- (12) Labor Cabinet.
- (13) Cabinet for Workforce Development.
- (14) Personnel Cabinet.

Section 10. KRS 42.014 is amended to read as follows:

- (1) There is established within the cabinet the Office of Financial Management ~~, the Office of Capital Plaza Operations,~~ and the Office of the Controller, each of which shall be headed by an executive director, the Department for Administration, and the Department for Facilities Management, each of which shall be headed by a commissioner appointed by the secretary, upon the approval of the Governor, and responsible to the secretary. Each of these departments may have at least one (1) major assistant not in the classified service.
- (2) The secretary shall establish the internal organization and assignment of functions which are not established by statute, and shall divide the cabinet into the offices, bureaus, divisions, or

other units the secretary deems necessary to perform the functions, powers, and duties of the cabinet, subject to the provisions of KRS Chapter 12.

Section 11. KRS 45.001 is amended to read as follows:

- (1) The Capital Development Committee is created. The committee shall ensure the proper coordination of state government initiatives which impact the City of Frankfort and Franklin County government and are unique to the seat of state government.
- (2) The committee shall meet at least semiannually at a time and place announced by the chairperson.
- (3) The membership of the committee shall consist of the following members or their designees:
 - (a) The mayor of the city of Frankfort;
 - (b) The county judge/executive of Franklin County;
 - (c) The secretary of the Finance and Administration Cabinet;
 - (d) The secretary of the **Commerce**~~{Tourism}~~ Cabinet;
 - (e) The secretary of the Education, Arts, and Humanities Cabinet;
 - (f) The commissioner of the Department of **Tourism**~~{Travel Development}~~;
 - (g) The executive director of the Office of Capital Plaza Operations;
 - (h) The chairman of the Frankfort/Franklin County Tourist and Convention Commission;
 - (i) A citizen at large, who is a resident of Franklin County, appointed by the Franklin County judge/executive; and
 - (j) A citizen at large, who is a resident of Frankfort, appointed by the mayor of the city of Frankfort.

The citizen-at-large members of the committee shall be appointed to a term of four (4) years each.

- (4) The Governor shall appoint the chairperson of the committee.
- (5) Members of the committee shall serve without compensation.
- (6) The Office of Capital Plaza Operations in the Finance and Administration Cabinet shall provide administrative support to the committee.

Section 12. KRS 65.6971 is amended to read as follows:

- (1) A city, county, or agency shall submit an application to the Cabinet for Economic Development for approval of a development area for infrastructure development which includes revenues from the Commonwealth, the standards for which the Cabinet for Economic Development and the **Commerce**~~{Tourism Development}~~ Cabinet shall establish through their operating procedures or by the promulgation of administrative regulations in accordance with KRS Chapter 13A. The Cabinet for Economic Development shall determine whether the development area described in the application constitutes a project of the type described in this section. The Cabinet for Economic Development, upon its determination, shall assign the application to the economic development authority or the tourism development authority, as appropriate, for further consideration and approval.

- (2) A development area for purposes of infrastructure development shall:
- (a) 1. Consist of at least fifty (50) acres of undeveloped land, unless approved otherwise by the economic development authority or the tourism development authority in consideration of the geography of the area; or
 2. Consist of at least one (1) acre constituting a brownfield site; and
 - (b) 1. In the case of an economic development project, be under the control of, owned by, and operated by an agency at the commencement date; or
 2. In the case of a tourism attraction project, be under the control of, leased by, owned by, or operated by an agency at the commencement date.
- (3) With respect to each city, county, or agency that applies to the economic development authority or the tourism development authority for approval of a development area for infrastructure development, the economic development authority or the tourism development authority shall request materials and make all inquiries concerning the application the economic development authority or the tourism development authority deems necessary. Upon review of the application and requested materials, and completion of inquiries, the economic development authority or the tourism development authority may grant approval for:
- (a) The development area for infrastructure development;
 - (b) Each project for which an application has been submitted to be located in the development area for infrastructure development, provided that each project approved for location in the development area for infrastructure development meets the criteria necessary in order to qualify for inducements under subchapters 22, 24, or 28 of KRS Chapter 154, or satisfies the requirements of a tourism development attraction defined under KRS 148.851;
 - (c) The percentage of the Commonwealth's portion of the increment that the Commonwealth agrees to distribute to the agency each year during the term of the grant contract;
 - (d) The maximum amount of costs for infrastructure development for which the increment may be distributed to the agency; and
 - (e) The master agreement constituting a grant contract and any addendum for each project approved for location in the development area for infrastructure development.
- (4) Prior to any approval by the economic development authority or the tourism development authority, the economic development authority or the tourism development authority shall have received an ordinance adopted by the city or county creating the development area and establishing the percentage of increment that the city and county are distributing each year to the agency for use in the infrastructure development of the development area for which economic development authority or the tourism development authority approval is sought. The economic development authority or the tourism development authority shall not approve a percentage of the Commonwealth's portion of the increment to be distributed to the agency each calendar year with respect to a development area for infrastructure development greater than the percentage approved by the city or county creating the development area.

- (5) The maximum amount of increment available for development areas for infrastructure development is one hundred percent (100%).
- (6) The terms and conditions of each grant contract, including the master agreement constituting a grant contract and any addenda, are subject to negotiations between the economic development authority or the tourism development authority and the other parties to the grant contract. The grant contract shall include but not be limited to the following provisions: the activation date, the taxes to be included in the calculation of the increment, the percentage increment to be contributed by each taxing district, the maximum amount of infrastructure development costs, a description of the development area, the termination date, subject to extension through each addendum, and the requirement of the agency to annually certify to the economic development authority or the tourism development authority as to the use of the increment for payment of infrastructure development costs.
- (7)
 - (a) Any agency that enters into a grant contract for the release of any increments that may arise during the period of a grant contract shall, after each calendar year a grant contract is in effect, notify each taxing district obligated under the grant contract that an increment is due, and, in consultation with each taxing district, determine the respective portion of the total increment due from each taxing district. The agency shall then present the total increment due from the Commonwealth under the grant contract to the Revenue Cabinet for certification.
 1. Upon notice from the agency, each taxing district obligated under the grant contract, other than the Commonwealth, shall release to the agency the respective portion of the total increment due under the grant contract. The agency shall certify to the Revenue Cabinet on a calendar year basis the amount of the increment collected.
 2. Upon certification of the total increment due from the Commonwealth by the Revenue Cabinet, the Cabinet is authorized and directed to transfer the increment to a tax increment financing account established and administered by the Finance and Administration Cabinet for payment of the Commonwealth's portion of the increment. Prior to disbursement by the Finance and Administration Cabinet of the funds from the tax increment financing account, the economic development authority or the tourism development authority shall notify the Finance and Administration Cabinet that the agency is in compliance with the terms of the grant contract. Upon notification, the Finance and Administration Cabinet is authorized and directed to release to the agency the Commonwealth's portion of the total increment due under the grant contract.
 - (b) The Revenue Cabinet shall report to the economic development authority or the tourism development authority on a calendar year basis the amount of the total increment released to an agency.
- (8) The Revenue Cabinet shall have the authority to establish operating procedures for the administration and determination of the Commonwealth's increment.
- (9) The Revenue Cabinet or agency shall have no obligation to refund or otherwise return any of the increment to the taxpayer from whom the increment arose or is attributable. Further, no additional increment resulting from audit, amended returns or other activity for any period shall be transferred to the tax increment financing account after the initial release to the agency of the Commonwealth's increment for that period.

Section 13. KRS 65.6972 is amended to read as follows:

- (1) A city, county, or agency shall submit an application to the Cabinet for Economic Development for approval of a development area, which includes revenues from the Commonwealth, and the related project, the standards for which the Cabinet for Economic Development and the ~~Commerce~~~~Tourism Development~~ Cabinet shall establish through their operating procedures or by the promulgation of administrative regulations in accordance with KRS Chapter 13A. The Cabinet for Economic Development shall determine whether the development area and related project described in the application constitutes a project of the type described in KRS Chapter 154 for which the economic development authority shall have the right to approve the development area and related project or KRS Chapter 148 for which the tourism development authority shall have the right to approve the development area and related project. The Cabinet for Economic Development, upon its determination, shall assign the application to the economic development authority or the tourism development authority, as appropriate, for further consideration and approval.
- (2) A project otherwise satisfying the requirements of the project as defined in KRS 65.680, in order to qualify the project and related development area, in addition shall satisfy all of the following requirements for a project:
 - (a) Represent new economic activity in the Commonwealth;
 - (b) Result in a minimum capital investment of ten million dollars (\$10,000,000);
 - (c) Result in the creation of a minimum of twenty-five (25) new full-time jobs for Kentucky residents to be held by persons subject to the personal income tax of the Commonwealth within two (2) years of the date of the final resolution authorizing the development area and the project;
 - (d) Result in a net positive economic impact to the economy of the Commonwealth, taking into consideration any substantial adverse impact on existing Commonwealth businesses;
 - (e) Generate a minimum of twenty-five percent (25%) of the total revenues derived from the project attributable to sources outside of the Commonwealth during each year a grant contract is in effect;
 - (f) Result in a unique contribution to or preservation of the economic vitality and quality of life of a region of the Commonwealth; and
 - (g) Not be primarily devoted to the retail sale of goods.
- (3) After assignment of the application for the project and related development area by the Cabinet for Economic Development:
 - (a) The economic development authority or the tourism development authority, as appropriate, shall engage the services of a qualified independent consultant to analyze data related to the project and the development area, who shall prepare a report for the economic development authority or the tourism development authority, as appropriate, with the following findings:
 1. The percentage of revenues derived from the development area which are generated from business not located in the Commonwealth;

2. The estimated amount of increment the development area is expected to generate over a twenty (20) year period from the projected activation date;
 3. The estimated amount of ad valorem taxes, other than the school or fire district portion of ad valorem taxes, from real property, Kentucky individual income tax, Kentucky sales and use taxes, local insurance premium taxes, occupational license fees, or other such state taxes which would be displaced within the Commonwealth, to reflect economic activity which is being shifted over the twenty (20) year period;
 4. The estimated increment the development area is expected to generate over the twenty (20) year period, equal to the estimated amount set forth in paragraph (a)2. of this subsection minus the estimated amount set forth in paragraph (a)3. of this subsection; and
 5. The project or development area will not occur if not for the designation of the development area and granting of increments by the Commonwealth to the development area.
- (b) The independent consultant shall consult with the economic development authority or the tourism development authority, as appropriate, the Office of State Budget Director, the Finance and Administration Cabinet, and the Revenue Cabinet in the development of the report. The Office of State Budget Director, the Finance and Administration Cabinet, and the Revenue Cabinet shall agree as to methodology to be used and assumptions to be made by the independent consultant in preparing its report. On the basis of the independent consultant's report and prior to any approval of a project by the economic development authority or the tourism development authority, as appropriate, the Office of State Budget Director, the Finance and Administration Cabinet, and the Revenue Cabinet shall certify whether there is a projected net positive economic impact to the Commonwealth and the expected amount of incremental state revenues from the project to the economic development authority or tourism development authority, as appropriate. Approval shall not be granted if it is determined that there is no projected net positive economic impact to the Commonwealth.
- (c) The primary project entity shall pay all costs associated with the independent consultant's report.
- (4) With respect to each city, county, or agency that applies for approval of a project and development area, the economic development authority or the tourism development authority, as appropriate, shall request materials and make all inquiries concerning the application the economic development authority or the tourism development authority, as appropriate, deems necessary. Upon review of the application and requested materials, and completion of inquiries, the economic development authority or the tourism development authority, as appropriate, may by resolution grant approval for:
- (a) The development area and project for which an application has been submitted;
 - (b) The percentage of the Commonwealth's portion of the increment that the Commonwealth agrees to have distributed to the agency each year during the term of the grant contract;

- (c) The maximum amount of costs for the project for which the increment may be distributed to the agency; and
 - (d) The grant contract.
- (5) Prior to any approval by the economic development authority or the tourism development authority, as appropriate, the economic development authority or the tourism development authority shall have received an ordinance adopted by the city or county creating the development area and approving the project and establishing the percentage of increment that the city and county are distributing each year to the agency to pay for the development area for which economic development authority or tourism development authority approval is sought. The economic development authority or the tourism development authority, as appropriate, shall not approve a percentage of the Commonwealth's portion of the increment to be distributed to the agency each year with respect to a development area and project greater than the percentage approved by the city or county creating the development area.
- (6) The amount of increment available for a development area shall be no more than eighty percent (80%) per year, but shall in no case exceed twenty-five percent (25%) of the project costs during the term of the grant agreement.
- (7) The terms and conditions of each grant contract are subject to negotiations between the economic development authority or the tourism development authority, as appropriate, and the other parties to the grant contract. The grant contract shall include but not be limited to the following provisions: the activation date, the agreed taxes to be included in the calculation of the increment, the percentage increment to be contributed by the Commonwealth and other taxing districts, the maximum amount of project costs, a description of the development area and the project, the termination date, and the requirement that the agency annually certify to the economic development authority or tourism development authority, as appropriate, as to the use of the increment for payment of project costs in the development area.
- (8) The agency responsible for the development area that enters into the grant contract shall, after each year the grant contract is in effect, certify to the economic development authority or the tourism development authority, as appropriate:
- (a) The amount of the increment used during the previous calendar year for the project costs; and
 - (b) That more than twenty-five percent (25%) of the total revenues derived from the project during the previous calendar year were attributable to sources outside the Commonwealth.
- (9) (a) Any agency that enters into a grant contract for the release of any increments that may arise during the period of a grant contract shall, after each calendar year a grant contract is in effect, notify each taxing district obligated under the grant contract that an increment is due. In consultation with each taxing district, the agency shall determine the respective portion of the total increment due from each taxing district, and the determination of the agency shall be reviewed by an independent certified public accountant. The agency shall submit to the Revenue Cabinet for certification its determination with respect to the total increment due together with the review of the certified public accountant and detailed information concerning ad valorem taxes, Kentucky individual income tax, Kentucky sales and use taxes, local insurance premium taxes, occupational license fees, and other such state taxes as may be

determined by the Revenue Cabinet, including withholding taxes of employees of each taxpayer located in the development area.

1. Upon notification to the agency of the total increment by the Revenue Cabinet and notice from the agency, each taxing district obligated under the grant contract, other than the Commonwealth, shall release to the agency the respective portion of the total increment due under the grant contract. The agency shall certify to the Revenue Cabinet on a calendar year basis the amount of the increments collected.
 2. Upon certification of the total increment due from the Commonwealth by the Revenue Cabinet, the Cabinet is authorized and directed to transfer the increment to a tax increment financing account established and administered by the Finance and Administration Cabinet for payment of the Commonwealth's portion of the increment. Prior to disbursement by the Finance and Administration Cabinet of the funds from the tax increment financing account, the economic development authority or the tourism development authority, as appropriate, shall notify the Finance and Administration Cabinet that the agency is in compliance with the terms of the grant contract. Upon notification, the Finance and Administration Cabinet is authorized and directed to release to the agency the Commonwealth's portion of the total increment due under the grant contract.
 - (b) The Revenue Cabinet shall report to the economic development authority or the tourism development authority, as appropriate, on a calendar year basis the amount of the total increment released to an agency.
- (10) The Revenue Cabinet shall have the authority to establish operating procedures for the administration and determination of the Commonwealth's increment.
- (11) The Revenue Cabinet or agency shall have no obligation to refund or otherwise return any of the increment to the taxpayer from whom the increment arose or is attributable. Further, no additional increment resulting from audit, amended returns or other activity for any period shall be transferred to the trust account established under subsection (9)(a)2. of this section and administered by the Finance and Administration Cabinet after the initial release to the agency of the Commonwealth's increment for that period.

Section 14. KRS 139.536 is amended to read as follows:

- (1) In consideration of the execution of the agreement as defined in KRS 148.851 and notwithstanding any provision of KRS 139.770 to the contrary, the approved company as defined in KRS 148.851 excluding its lessees, may be granted a sales tax refund from the Kentucky sales tax imposed by KRS 139.200 on the sales generated by or arising at the tourism attraction project as defined in KRS 148.851. The approved company shall have no obligation to refund or otherwise return any amount of this sales tax refund to the persons from whom the sales tax was collected. The term of the agreement granting the sales tax refund shall be ten (10) years, and this time period shall commence on the later of:
 - (a) The final approval for purposes of the inducements; or
 - (b) The completion date specified in the agreement.
- (2) Any sales tax collected by an approved company as defined in KRS 148.851 on sales transacted after final approval but prior to the commencement of the term of the agreement,

including any approved company that has received final approval prior to July 15, 2000, shall be refundable as if collected after the commencement of the term and applied to the approved company's first fiscal year's refund after activation of the term and without changing the term.

- (3) The total sales tax refund allowed to the approved company over the term of the agreement in subsection (1) of this section shall be equal to the lesser of the total amount of the sales tax liability of the approved company and its lessees or twenty-five percent (25%) of the approved costs. The sales tax refund shall accrue over the term of the agreement in an annual amount equal to two and one-half percent (2.5%) of the approved cost. Notwithstanding the foregoing two and one-half percent (2.5%) limitation, any unused inducements as set forth in KRS 148.851(9) from a previous year may be carried forward to any succeeding year during the term of the agreement until the entire twenty-five percent (25%) of the approved costs have been received through sales tax refunds. By October 1 of each year the Revenue Cabinet shall certify to the authority and the secretary of the *Commerce*~~{Tourism Development}~~ Cabinet for the preceding fiscal year for all approved companies for which sales tax returns were filed with respect to a tourism attraction project, the sales tax liability of the approved companies receiving inducements under this section and KRS 148.851 to 148.860, and their lessees, and the amount of the sales tax refunds issued pursuant to subsection (1) of this section.
- (4) Interest shall not be allowed or paid on any refund made under the provisions of this section.
- (5) The Revenue Cabinet may promulgate administrative regulations and require the filing of forms designed by the Revenue Cabinet to reflect the intent of this section and KRS 148.851 to 148.860.

Section 15. KRS 148.022 is amended to read as follows:

- (1) The Department for Local Government shall administer and operate the outdoor recreation programs of the state and shall be responsible for developmental planning and the administration of United States Bureau of Outdoor Recreation funds.
- (2) All functions of the Commonwealth relating to the Breaks Interstate Park shall be attached to the *Commerce*~~{Tourism Development}~~ Cabinet for administrative purposes.

Section 16. KRS 148.260 is amended to read as follows:

- (1) There is hereby created and established an agency of state government to be known as the Kentucky Horse Park Commission which shall constitute a separate administrative body of state government within the meaning of KRS 12.010(8) and under the provisions of KRS 12.015 shall be attached to the *Commerce*~~{Tourism Development}~~ Cabinet for administrative purposes.
- (2) The commission shall be composed of seventeen (17) members who possess the ability to provide broad management expertise and direction in the operation of the Kentucky Horse Park and shall, to the extent possible, represent the diverse interest of the Kentucky horse industry. Of these, fifteen (15) members shall be appointed by the Governor. Two (2) of these appointed members of the commission shall represent the equine industry; and two (2) members shall be active in industry and commerce. The secretary of the Cabinet for Economic Development and the secretary of the *Commerce*~~{Tourism Development}~~ Cabinet shall serve as ex officio members with full voting rights. Any vacancy on the commission shall be filled by the Governor for the unexpired term.

- (3) The appointed members of the commission shall hold their offices for a term of four (4) years, except that for the initial appointment to the commission, two (2) members shall serve a term of two (2) years, two (2) members shall serve a term of three (3) years, and three (3) members shall serve a term of four (4) years.
- (4) The commission shall meet quarterly and shall be headed by a chairman appointed by the Governor. The chairman shall preside over the commission meetings. The chairman may call special meetings of the commission upon a request of the majority of the members of the commission.
- (5) Members shall be reimbursed only for expenses incurred in the discharge of official business, subject to regulations established by the Finance and Administration Cabinet. All expenses reimbursed to members shall be paid from operating funds of the Kentucky Horse Park.
- (6) The commission shall establish and maintain an office at the Kentucky State Horse Park for the transaction of its business and shall not establish any branch office. The commission may hold meetings at any other place when the convenience of the commission requires.
- (7) The commission shall be authorized to adopt bylaws providing for the call of its meetings, which shall be held at least quarterly, and for its operating procedures. A quorum of the commission shall consist of eight (8) members, and a quorum of members present at any duly-called meeting may act upon any matter before it for consideration. Each member shall have one (1) vote.
- (8) The Governor may establish an advisory committee to advise in the administration, development and operation of the horse park or other functions, activities, and programs provided for or authorized by KRS 148.260 to 148.320.

Section 17. KRS 148.522 is amended to read as follows:

- (1) The **Commerce**~~[Tourism Development]~~ Cabinet shall consist of the Office of the Secretary, the Office of **Legal Affairs**~~[General Counsel]~~, the Office of **Finance and Administration**~~[Administrative Services]~~, **Office of Intergovernmental Affairs, Office of Human Resources, Office of Public Affairs and Constituent Services, Office of Information Technology, Office of Purchase and Procurement, Office of Creative Services, Office of Capital Plaza Operations**, the Department of **Tourism**~~[Travel]~~, the Department of Parks, the Tourism Development Finance Authority, and such other divisions and sections as are from time to time deemed necessary for the proper and efficient operation of the cabinet subject to the provisions of KRS Chapter 12.
- (2) The **Commerce**~~[Tourism Development]~~ Cabinet shall encourage the development of the film industry in Kentucky and shall perform all film promotional functions.
- (3) The Office of **Legal Affairs**~~[General Counsel]~~ shall be headed by a general counsel appointed by the secretary pursuant to KRS 12.210, shall provide legal services for the cabinet, and shall be directly responsible to the secretary.
- (4) The Department of **Tourism**~~[Travel]~~ shall be headed by a commissioner appointed by the Governor pursuant to the provisions of KRS 12.040. The commissioner shall have the authority and responsibility for the promotion, development, and support services for the tourism industry within the Commonwealth.

- (5) The Divisions of Tourism Services, ***Marketing and Advertising, and Parks Marketing***~~and Marketing and Advertising Services~~ are created within the Department of ***Tourism***~~Travel~~. Each division shall be headed by a division director who shall be appointed by the commissioner of the department pursuant to the provisions of KRS 12.050.

Section 18. KRS 148.527 is amended to read as follows:

- (1) The Department of ***Tourism***~~Travel~~ of the ***Commerce***~~Tourism Development~~ Cabinet shall, after appropriate research has been conducted, establish and maintain a Kentucky Certified Retirement Community Program whereby retirees and those planning to retire are encouraged to make their homes in Kentucky communities that have met certain criteria to be certified by the ***Commerce***~~Tourism Development~~ Cabinet as a Kentucky certified retirement community. In support of this program, the Department of ***Tourism***~~Travel~~ shall identify certain issues of interest to retirees or potential retirees in order to inform them of the benefits of living in Kentucky. Issues of interest to retirees may include, but are not limited to:
- (a) Kentucky's state and local tax structure;
 - (b) Housing opportunities and cost;
 - (c) Climate;
 - (d) Personal safety;
 - (e) Working opportunities;
 - (f) Health care services and other services along the continuum of services including, but not limited to, home and community based services;
 - (g) Transportation;
 - (h) Continuing education;
 - (i) Leisure living;
 - (j) Recreation;
 - (k) The performing arts;
 - (l) Festivals and events;
 - (m) Sports at all levels; and
 - (n) Other services and facilities that are necessary to enable persons to age in the community and in the least restrictive environment.
- (2) The mission of the Kentucky Certified Retirement Community Program shall be to:
- (a) Promote the state as a retirement destination to retirees and those persons and families who are planning retirement both in and outside of Kentucky;
 - (b) Assist Kentucky communities in their efforts to market themselves as retirement locations and to develop communities that retirees would find attractive for a retirement lifestyle;
 - (c) Assist in the development of retirement communities and lifecare communities for economic development purposes and as a means of providing a potential workforce and enriching Kentucky communities; and

- (d) Encourage tourism to Kentucky in the form of mature market travel to Kentucky in reference to retirement desirability for the future, and for the visitation of those who have chosen to retire in Kentucky.
- (3) The ~~Commerce~~~~{Tourism-Development}~~ Cabinet shall coordinate the development and planning of the Kentucky Certified Retirement Community Program with the Cabinet for Economic Development, the Office of Aging Services in the Cabinet for Health Services, the Kentucky Commission on Military Affairs, the Department of Veterans' Affairs, and other state and local groups interested in participating in and promoting the program.
- (4) To obtain certification as a Kentucky certified retirement community, the following requirements shall be met:
- (a) Official community support. A resolution by the governing authority endorsing the local retirement recruitment effort is required;
 - (b) Designation of a sponsor. The program shall have an official sponsoring organization that shall appoint an individual who will be accountable to the community and to the state;
 - (c) Funding. The sponsoring organization must commit a minimum of ten thousand dollars (\$10,000) per year for the local program;
 - (d) Health services. There shall be a hospital and emergency medical services that are readily accessible to the community;
 - (e) Available housing. The community shall maintain information on both resale housing and rental housing to ensure that the quantity is sufficient to meet the needs of potential new retiree residents;
 - (f) Retiree desirability assessment. The community shall conduct a retiree desirability assessment that shall focus on a number of factors including, but not limited to, medical services, adult education opportunities, shopping, recreation, cultural opportunities, safety, aging services, and a continuum of care including home and community based services, housing for the elderly, assisted living, personal care, and nursing care facilities;
 - (g) Establishment of subcommittees. Each locality shall have a general retiree attraction committee and a minimum of four (4) subcommittees as follows:
 - 1. Community inventory/assessment subcommittee. This subcommittee shall conduct an unbiased inventory and assessment of whether the community can offer the basics that retirees demand and develop a professional portfolio containing brief biographies of professionals in the community;
 - 2. Community relations/fundraising subcommittee. This subcommittee shall locate retirees living in the community, act as salespersons for the program, raise funds necessary to run the program, recruit subcommittee members, organize special events, and promote and coordinate the program with local entities;
 - 3. Marketing and promotion subcommittee. This subcommittee shall establish a community image, evaluate target markets, develop and distribute promotional material, and coordinate advertising and public relations campaigns; and

4. Ambassadors subcommittee. This subcommittee shall be the first contact with prospective retirees and provide tour guides when prospects visit the community. The subcommittee shall respond to inquiries, log contacts made, provide tours, invite prospects to special community events, and maintain continual contact with prospects until the time that the prospect makes a retirement location decision;
 - (h) Community profile. The sponsor shall develop a community profile similar to that used by many chambers of commerce. It will include factors such as crime statistics, tax information, recreational opportunities, and housing availability; and
 - (i) Written marketing plan. The retiree attraction committee shall submit a marketing plan that shall detail the mission, the target market, the competition, an analysis of the community's strengths, weaknesses, opportunities and threats, and the strategies the program will employ to attain its goals.
- (5) During the certification process, a representative of the retirement attraction committee shall attend state training meetings.
- (6) The retiree attraction committee shall work to gain the support of churches, clubs, businesses, and the local media, as this support is necessary for the success of the program.
- (7) Within ninety (90) days of certification, the locality shall submit a complete retiree attraction package to the Department of *Tourism*~~[Travel]~~.
- (8) Before certification is awarded, the retiree attraction committee shall submit a written three (3) year commitment to the program and a long-term plan outlining steps the community will undertake to maintain its desirability as a destination for retirees. The long-range plan shall outline plans to correct any facility and service deficiencies identified in the retiree desirability assessment required by subsection (4)(f) of this section. The written commitment and long-range plan shall be forwarded to the Department of *Tourism*~~[Travel]~~ of the *Commerce*~~[Tourism Development]~~ Cabinet.
- (9) Upon being certified as a Kentucky certified retirement community, the *Commerce*~~[Tourism Development]~~ Cabinet shall provide the following assistance to the community:
 - (a) Assistance in the training of local staff and volunteers;
 - (b) Ongoing oversight and guidance in marketing, plus updating on national retirement trends;
 - (c) Inclusion in the state's national advertising and public relations campaigns and travel show promotions, including a prominent feature on the cabinet's Internet Web site;
 - (d) Eligibility for state financial assistance for brochures, support material, and advertising; and
 - (e) An annual evaluation and progress assessment on maintaining and improving the community's desirability as a home for retirees.
- (10) The *Commerce*~~[Tourism Development]~~ Cabinet shall promulgate administrative regulations to implement the provisions of this section.

Section 19. KRS 148.561 is amended to read as follows:

The Appalachian/Kentucky Artisans Gateway Center Authority is created and established as an independent, de jure municipal corporation and political subdivision of the Commonwealth that

shall be a public body corporate and politic. The authority shall develop, operate, and manage the Appalachian/Kentucky Artisans Gateway Center funded by 1998 Ky. Acts ch. 615, Part X, under the reference "Artisans Center--Berea." The authority shall be attached to the *Commerce*~~[Tourism Development]~~ Cabinet for administrative purposes.

Section 20. KRS 148.562 is amended to read as follows:

- (1) The authority shall be governed by a board of directors consisting of thirteen (13) members as follows:
 - (a) Secretary of the *Commerce*~~[Tourism Development]~~ Cabinet, or his or her designee;
 - (b) Secretary of the Transportation Cabinet, or his or her designee;
 - (c) Secretary of the Education, Arts, and Humanities Cabinet, or his or her designee;
 - (d) Secretary of the Finance and Administration Cabinet, or his or her designee;
 - (e) Three (3) members appointed by the Governor, one (1) to be a representative of the Kentucky Arts Council, and two (2) to be at-large members; and
 - (f) Six (6) members appointed by the mayor of the city of Berea to include two (2) representatives of Berea city government, two (2) representatives of Berea College recommended by the president of Berea College, one (1) representative of Eastern Kentucky University recommended by the president of Eastern Kentucky University, and one (1) at-large member.
- (2) Members shall serve for staggered terms of four (4) years beginning August 1, 2000, except that of the initial appointments:
 - (a) One (1) appointment by the Governor and two (2) appointments by the mayor of the city of Berea shall each serve a term of four (4) years;
 - (b) Two (2) appointments by the mayor of the city of Berea and one (1) appointment by the Governor shall each serve a term of three (3) years;
 - (c) One (1) appointment by the Governor and one (1) appointment by the mayor of the city of Berea shall each serve a term of two (2) years; and
 - (d) One (1) appointment by the mayor of the city of Berea shall serve a term of one (1) year.
- (3) The Governor shall appoint a chair from among the members of the board.
- (4) A quorum of the board shall consist of seven (7) members, with a majority of members present authorized to act upon any matter legally before the authority.
- (5) A member may be removed by the appointing authority only for neglect of duty, misfeasance, or malfeasance, and after being afforded an opportunity for a hearing in accordance with KRS Chapter 13B, relating to administrative hearings.

Section 21. KRS 148.563 is amended to read as follows:

- (1) An executive director shall be appointed in accordance with KRS 12.050.
 - (a) The executive director shall at all times attempt to accommodate the desires expressed by the board of directors.

- (b) The executive director shall keep all minutes, records, and orders of the authority and shall be responsible for the preservation of all the documents. The documents shall be public records subject to KRS 61.870 to 61.884, relating to open records.
- (2) The staff of the authority, including its executive director, shall be employees of the **Commerce**~~[Tourism Development]~~ Cabinet.

Section 22. KRS 148.566 is amended to read as follows:

The authority shall have the following duties and authorities:

- (1) The authority shall supervise the design, construction, and operation of the center and shall provide all management functions for the facility and for any other property acquired or leased under its powers established by law.
- (2) The authority shall promote the growth and development of statewide tourism related to arts and crafts destinations throughout the state and shall ensure that its efforts conform to marketing and promotion strategies devised by the **Commerce**~~[Tourism Development]~~ Cabinet.
- (3) The authority shall have the exclusive control of scheduling all exhibitions, performances, retail activities, and concessions in the center. The authority shall have a prior lien upon the property of any private exhibitor, concessionaire, or other person holding an exhibition or performance or operating a concession in the center and may sell the property upon ten (10) days' notice to satisfy any indebtedness.
- (4) The authority shall participate with local hotels and the travel industry to develop tourist packages and additional services to attract events, conferences, and conventions to the region.
- (5) The authority may take, acquire, and hold property, and all interests therein, by deed, purchase, gift, devise, bequest, or lease, or by transfer from the State Property and Buildings Commission and may dispose of any property so acquired in any manner provided by law.
- (6) The authority may adopt administrative regulations in accordance with KRS Chapter 13A only for governing the operation, maintenance, or use of property under its custody and control.
- (7) The authority may levy a surcharge on tickets for functions held within the center to contribute to operating revenue.
- (8) The authority may sue and be sued and maintain and defend legal actions in its name.
- (9) Members of the authority shall serve without compensation, but shall be reimbursed for actual and necessary travel expenses incurred in the performance of their duties. The reimbursement shall be in accordance with administrative regulations promulgated under KRS Chapter 13A by the Finance and Administration Cabinet.

Section 23. KRS 148.850 is amended to read as follows:

- (1) The Tourism Development Finance Authority is created within the **Commerce**~~[Tourism Development]~~ Cabinet. The authority shall consist of seven (7) members appointed by the Governor. The members of the authority shall serve without compensation but shall be entitled to reimbursement for their necessary expenses incurred in performing their duties. Of the members initially appointed to the authority, two (2) members shall be appointed for terms of one (1) year, three (3) members shall be appointed for terms of two (2) years, and

two (2) members shall be appointed for terms of three (3) years. Thereafter, the members of the authority shall be appointed for terms of four (4) years.

- (2) The Governor shall appoint one (1) member as chairperson of the Tourism Development Finance Authority. The members of the authority may elect other officers as they deem necessary.
- (3) No member of the Tourism Development Finance Authority shall either directly or indirectly be a party to, or be in any manner interested in, any contract or agreement with the authority for any matter, cause, or thing that creates any liability or indebtedness against the authority.
- (4) The Tourism Development Finance Authority shall have the powers necessary to carry out the purposes of this section, KRS 139.536, KRS 148.851 to 148.860, and the Tourism Development Loan Program created by 2000 Ky. Acts ch. 549, Part IX, Section 47, including, but not limited to, the power to:
 - (a) Make and condition all loans from the Tourism Development Loan Program;
 - (b) Employ fiscal consultants, attorneys, appraisers, and other agents on behalf of the authority whom the authority deems necessary or convenient for the preparation and administration of agreements and documents necessary or incidental to any project. The fees for the services provided by persons employed on behalf of the authority shall be paid by the beneficiary of a loan under this program directly to the person providing consultation, advisory, legal, or other services; and
 - (c) Impose and collect fees and charges in connection with any transaction and provide for reasonable penalties for delinquent payment of fees and charges.

Section 24. KRS 148.851 is amended to read as follows:

As used in KRS 139.536 and KRS 148.851 to 148.860, unless the context clearly indicates otherwise:

- (1) "Agreement" means a tourism attraction agreement entered into, pursuant to KRS 148.859, on behalf of the authority and an approved company, with respect to a tourism attraction project;
- (2) "Approved company" means any eligible company approved by the secretary of the **Commerce**~~[Tourism Development]~~ Cabinet and the authority pursuant to KRS 148.859 that is seeking to undertake a tourism attraction project;
- (3) "Approved costs" means:
 - (a) Obligations incurred for labor and to vendors, contractors, subcontractors, builders, suppliers, deliverymen, and materialmen in connection with the acquisition, construction, equipping, and installation of a tourism attraction project;
 - (b) The costs of acquiring real property or rights in real property and any costs incidental thereto;
 - (c) The cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of the acquisition, construction, equipping, and installation of a tourism attraction project which is not paid by the vendor, supplier, deliveryman, contractor, or otherwise provided;

- (d) All costs of architectural and engineering services, including but not limited to: estimates, plans and specifications, preliminary investigations, and supervision of construction and installation, as well as for the performance of all the duties required by or consequent to the acquisition, construction, equipping, and installation of a tourism attraction project;
 - (e) All costs required to be paid under the terms of any contract for the acquisition, construction, equipping, and installation of a tourism attraction project;
 - (f) All costs required for the installation of utilities, including but not limited to: water, sewer, sewer treatment, gas, electricity and communications, and including off-site construction of the facilities paid for by the approved company; and
 - (g) All other costs comparable with those described in this subsection;
- (4) "Authority" means the Kentucky Tourism Development Finance Authority as set forth in KRS 148.850;
 - (5) "Crafts and products center" means a facility primarily devoted to the display, promotion, and sale of Kentucky products, and at which a minimum of eighty percent (80%) of the sales occurring at the facility are of Kentucky arts, crafts, or agricultural products;
 - (6) "Eligible company" means any corporation, limited liability company, partnership, registered limited liability partnership, sole proprietorship, business trust, or any other entity operating or intending to operate a tourism attraction project, whether owned or leased, within the Commonwealth that meets the standards promulgated by the secretary of the **Commerce**~~[Tourism Development]~~ Cabinet pursuant to KRS 148.855. An eligible company may operate or intend to operate directly or indirectly through a lessee;
 - (7) "Entertainment destination center" means a facility containing a minimum of two hundred thousand (200,000) square feet of building space adjacent or complementary to an existing tourism attraction, an approved tourism attraction project, or a major convention facility, and which provides a variety of entertainment and leisure options that contain at least one (1) major themed restaurant and at least three (3) additional entertainment venues, including but not limited to live entertainment, multiplex theaters, large format theaters, motion simulators, family entertainment centers, concert halls, virtual reality or other interactive games, museums, exhibitions, or other cultural and leisure time activities. Entertainment and food and drink options shall occupy a minimum of sixty percent (60%) of total gross area available for lease, and other retail stores shall occupy no more than forty percent (40%) of the total gross area available for lease;
 - (8) "Final approval" means the action taken by the authority authorizing the eligible company to receive inducements under KRS 139.536 and KRS 148.851 to 148.860;
 - (9) "Inducements" means the Kentucky sales tax refund as prescribed in KRS 139.536;
 - (10) "Preliminary approval" means the action taken by the authority conditioning final approval by the authority upon satisfaction by the eligible company of the requirements of KRS 139.536 and KRS 148.851 to 148.860;
 - (11) "State agency" means any state administrative body, agency, department, or division as defined in KRS 42.005, or any board, commission, institution, or division exercising any function of the state that is not an independent municipal corporation or political subdivision;

- (12) "Theme restaurant destination attraction" means a restaurant facility that:
- (a) Has construction, equipment, and furnishing costs in excess of five million dollars (\$5,000,000);
 - (b) Has an annual average of not less than fifty percent (50%) of guests who are not residents of the Commonwealth;
 - (c) Is in operation and open to the public no less than three hundred (300) days per year and for no less than eight (8) hours per day;
 - (d) Has food and nonalcoholic drink options that constitute a minimum of fifty percent (50%) of total gross sales receipts; and
 - (e)
 1. Has seating capacity of four hundred fifty (450) guests and offers live music or live musical and theatrical entertainment during the peak business hours that the facility is in operation and open to the public;
 2. Within three (3) years of the completion date pursuant to KRS 148.859(1)(b), holds a top two (2) tier rating by a nationally accredited service; or
 3. Offers a unique dining experience that is not available in the Commonwealth within a one hundred (100) mile radius of the attraction;
- (13) "Tourism attraction" means a cultural or historical site, a recreation or entertainment facility, an area of natural phenomenon or scenic beauty, a Kentucky crafts and products center, a theme restaurant destination attraction, or an entertainment destination center. A tourism attraction shall not include any of the following:
- (a) Lodging facilities, unless:
 1. The facilities constitute a portion of a tourism attraction project and represent less than fifty percent (50%) of the total approved cost of the tourism attraction project, or the facilities are to be located on recreational property owned or leased by the Commonwealth or federal government and the facilities have received prior approval from the appropriate state or federal agency;
 2. The facilities involve the restoration or rehabilitation of a structure that is listed individually in the National Register of Historic Places or are located in a National Register Historic District and certified by the Kentucky Heritage Council as contributing to the historic significance of the district, and the rehabilitation or restoration project has been approved in advance by the Kentucky Heritage Council;
 3. The facilities involve the reconstruction, restoration, rehabilitation, or upgrade of a full-service lodging facility having not less than five hundred (500) guest rooms, with reconstruction, restoration, rehabilitation, or upgrade costs exceeding ten million dollars (\$10,000,000);
 4. The facilities involve the construction, restoration, rehabilitation, or upgrade of a full-service lodging facility which is or will be an integral part of a major convention or sports facility, with construction, restoration, rehabilitation, or upgrade costs exceeding six million dollars (\$6,000,000); or
 5. The facilities involve the construction, restoration, rehabilitation, or upgrade of a lodging facility which is or will be located:

- a. In the Commonwealth within a fifty (50) mile radius of a property listed on the National Register of Historic Places with a current function of recreation and culture; and
 - b. Within any of the one hundred (100) least populated counties in the Commonwealth, in terms of population density, according to the most recent census;
- (b) Facilities that are primarily devoted to the retail sale of goods, other than an entertainment destination center, a theme restaurant destination attraction, a Kentucky crafts and products center, or a tourism attraction where the sale of goods is a secondary and subordinate component of the attraction; and
 - (c) Recreational facilities that do not serve as a likely destination where individuals who are not residents of the Commonwealth would remain overnight in commercial lodging at or near the tourism attraction project; and
- (14) "Tourism attraction project" or "project" means the acquisition, including the acquisition of real estate by a leasehold interest with a minimum term of ten (10) years, construction, and equipping of a tourism attraction; the construction, and installation of improvements to facilities necessary or desirable for the acquisition, construction, and installation of a tourism attraction, including but not limited to surveys; installation of utilities, which may include water, sewer, sewage treatment, gas, electricity, communications, and similar facilities; and off-site construction of utility extensions to the boundaries of the real estate on which the facilities are located, all of which are to be used to improve the economic situation of the approved company in a manner that shall allow the approved company to attract persons.

Section 25. KRS 148.855 is amended to read as follows:

- (1) The secretary of the **Commerce**~~[Tourism Development]~~ Cabinet shall establish standards for the making of applications for inducements and the recommendation to the authority of eligible companies and their tourism attraction projects by the promulgation of administrative regulations in accordance with KRS Chapter 13A.
- (2) The secretary of the **Commerce**~~[Tourism Development]~~ Cabinet shall consult with the authority when establishing standards to ensure that standards established pursuant to subsection (1) of this section and KRS 148.857(1) do not conflict.
- (3) With respect to each eligible company making an application to the secretary of the **Commerce**~~[Tourism Development]~~ Cabinet for inducements, and with respect to the tourism attraction project described in the application, the secretary of the **Commerce**~~[Tourism Development]~~ Cabinet shall make inquiries and request materials of the applicant that shall include, but not be limited to, marketing plans for the project that target individuals who are not residents of the Commonwealth; a description and location of the project; capital and other anticipated expenditures for the project that indicate that the total cost of the project shall exceed one million dollars (\$1,000,000), except for a theme restaurant destination attraction's project cost, which shall exceed five million dollars (\$5,000,000), and the anticipated sources of funding therefor; the anticipated employment and wages to be paid at the project; business plans which indicate the average number of days in a year in which the project will be in operation and open to the public; and the anticipated revenues and expenses generated by the project. If the tourism attraction project is an entertainment destination center, the sales tax refund shall be dedicated to a public

infrastructure purpose that shall relate to the tourism attraction project and shall be approved by the secretary of the *Commerce*~~{Tourism Development}~~ Cabinet. The applicant shall submit the public infrastructure purpose with its application. Based upon a review of these materials, if the secretary of the *Commerce*~~{Tourism Development}~~ Cabinet determines that the eligible company and the tourism attraction project may reasonably satisfy the criteria for final approval in subsection (4) of this section, then the secretary of the *Commerce*~~{Tourism Development}~~ Cabinet may submit a written request to the authority requesting that the authority consider a preliminary approval of the eligible company and the tourism attraction project.

- (4) After receiving a preliminary approval by the authority, the secretary of the *Commerce*~~{Tourism Development}~~ Cabinet shall engage the services of a competent consulting firm to analyze the data made available by the eligible company and to collect and analyze additional information necessary to determine that, in the independent judgment of the consultant, the tourism attraction project:
 - (a) Shall attract at least twenty-five percent (25%) of its visitors from among persons who are not residents of the Commonwealth, except for a theme restaurant destination attraction, which shall attract a minimum of fifty percent (50%) of its visitors from among persons who are not residents of the Commonwealth;
 - (b) Shall have costs in excess of one million dollars (\$1,000,000), except for a theme restaurant destination attraction, which shall have costs in excess of five million dollars (\$5,000,000);
 - (c) Shall have a significant and positive economic impact on the Commonwealth considering, among other factors, the extent to which the tourism attraction project will compete directly with existing tourism attractions in the Commonwealth and the amount by which increased tax revenues from the tourism attraction project will exceed the credit given to the approved company;
 - (d) Shall produce sufficient revenues and public demand to be operating and open to the public for a minimum of one hundred (100) days per year, except for a theme restaurant destination attraction, which shall be operating and open to the public for a minimum of three hundred (300) days per year; and
 - (e) Shall not adversely affect existing employment in the Commonwealth.
- (5) The independent consulting firm shall consult with the authority, the Office of the State Budget Director, the Finance and Administration Cabinet, and the Revenue Cabinet in the development of a report on the proposed tourism attraction project. The Office of the State Budget Director, the Finance and Administration Cabinet, and the Revenue Cabinet shall agree as to the methodology to be used and assumptions to be made by the independent consultant in preparing its report. On the basis of the independent consultant's report and prior to any approval of a project by the authority, the Office of the State Budget Director, the Finance and Administration Cabinet, and the Revenue Cabinet shall certify to the authority whether there is a projected net positive economic impact to the Commonwealth and the expected amount of incremental state revenues from the project. Approval shall not be granted if it is determined that there is no projected net positive economic impact to the Commonwealth.

- (6) The eligible company shall pay for the cost of the consultant's report and shall cooperate with the consultant and provide all of the data that the consultant deems necessary to make its determination under subsection (4) of this section.
- (7) After a review of relevant materials, the consultant's report, and completion of other inquiries, the secretary of the **Commerce**~~{Tourism Development}~~ Cabinet shall, by written notification to the authority, provide a recommendation to the authority regarding final approval of the tourism attraction project.

Section 26. KRS 148.857 is amended to read as follows:

- (1) The authority shall establish standards for preliminary approval and final approval of eligible companies and their projects by the promulgation of administrative regulations in accordance with KRS Chapter 13A.
- (2) The authority shall consult with the secretary of the **Commerce**~~{Tourism Development}~~ Cabinet when establishing standards to ensure that standards established pursuant to KRS 148.855(1) and subsection (1) of this section do not conflict.
- (3) At the written request of the secretary of the **Commerce**~~{Tourism Development}~~ Cabinet, the authority may, by resolution, give its preliminary approval by designating an eligible company as a preliminarily approved company and preliminarily authorizing the undertaking of the tourism attraction project.
- (4) After the adoption of the authority's preliminary approval, an agent designated by the **Commerce**~~{Tourism Development}~~ Cabinet shall hold at least one (1) public hearing to solicit public comments regarding the designation of an eligible company as a preliminarily approved company and the preliminary authorization for the undertaking of a tourism attraction project. Notice of the public hearing shall be given in accordance with KRS Chapter 424.
- (5) The authority shall review the report of the consultant prepared pursuant to KRS 148.855(4), the recommendation of the secretary of the **Commerce**~~{Tourism Development}~~ Cabinet, the report prepared by the agent documenting all comments, both written and oral, received at the public hearing required by subsection (4) of this section, and other information that has been made available to the authority in order to assist the authority in determining whether the tourism attraction project will further the purposes of KRS 139.536 and KRS 148.851 to 148.860.
- (6) The criteria for final approval of eligible companies and tourism attraction projects shall include, but not be limited to, the criteria set forth in KRS 148.855(4).
- (7) After a review of the consultant's report, the recommendation of the secretary of the **Commerce**~~{Tourism Development}~~ Cabinet and other information made available to the authority, the authority, by resolution, may give its final approval to the eligible company's application for a tourism attraction project and may grant to the eligible company the status of an approved company. The decision reached by the authority shall be final and no appeal shall be granted.
- (8) All meetings of the authority shall be held in accordance with KRS 61.805 to 61.850. The authority may, pursuant to KRS 61.815, hold closed sessions of its meetings to discuss matters exempt from the open meetings law and pertaining to an eligible company.

Section 27. KRS 148.872 is amended to read as follows:

As used in KRS 148.870 to 148.892, unless the context otherwise requires:

- (1) "Department" means the Kentucky Department of Parks within the *Commerce*~~{Tourism Development}~~ Cabinet;
- (2) "Person" means an individual, trust, firm, estate, joint stock company, corporation, nonprofit corporation, government corporation, limited liability company, partnership, association, organization, government unit or agency whether federal, state, city, commission, or other political subdivision of the Commonwealth, any interstate body, group of persons acting in concert, or other legal entity;
- (3) "Secretary" means the secretary of the *Commerce*~~{Tourism Development}~~ Cabinet of the Commonwealth of Kentucky; and
- (4) "Trail" means the Pine Mountain Trail State Park, as established in KRS 148.870.

Section 28. KRS 148.880 is amended to read as follows:

A fund for the purpose of carrying out the provisions of KRS 148.870 to 148.892 is hereby created, to be designated as the Pine Mountain Trail fund, and shall consist of all revenues derived from privileges, concessions, contracts, or otherwise, and all moneys received by gifts, contributions, donations, and grants from public or private sources. This shall be a trust and agency fund account maintained and disbursed by the *Commerce*~~{Tourism Development}~~ Cabinet to carry out the purposes of KRS 148.870 to 148.892, after appropriations are made for administration and other expenses and purposes provided in KRS 148.870 to 148.892. It shall not lapse, and interest earnings shall accrue to the fund.

Section 29. KRS 153.180 is amended to read as follows:

- (1) There is hereby established a nonprofit foundation to be known as the Kentucky Foundation for the Arts. The purpose of the foundation shall be to enhance the stability of Kentucky's arts organizations and to ensure Kentuckians have access to the arts through the support of an endowment fund.
- (2) Funding for the foundation shall be obtained through state appropriations, gifts, grants, and any other funds from the public and private sectors. The foundation board shall have the authority to solicit, accept, and receive contributions from the public and private sectors to match public funding. Moneys in the foundation fund shall not lapse to the general fund at the end of the fiscal year. Moneys in the foundation fund shall be invested by the Office of Financial Management consistent with the provisions of KRS Chapter 42, and interest income earned shall be credited to the foundation fund. The foundation board may use the investment income for the purpose of awarding matching grants to nonprofit arts organizations to carry out the following programs:
 - (a) The Performing Arts and Visual Arts Touring Subsidy Program shall support tours and exhibitions for the education and enjoyment of audiences throughout the state.
 - (b) The Institutional Stabilization Program shall provide operating funds to achieve short-term or long-term stability of arts organizations.
- (3) The foundation shall be governed by a board of trustees consisting of six (6) members appointed by the Governor on recommendations from the Kentucky Arts Council. For the initial appointments, the Governor shall appoint two (2) members to serve two (2) year terms; two (2) members to serve three (3) year terms; and two (2) members to serve four (4) year terms. Thereafter, the Governor shall make all appointments for a term of four (4)

years. The board shall elect by majority vote a chair and other officers deemed necessary. Board members shall not receive any compensation for their services, but may be reimbursed in accordance with the provisions of KRS 44.070 and 45.101 for actual and necessary expenses incurred in the performance of their duties.

- (4) The foundation board shall perform duties and responsibilities deemed necessary to fulfill the purposes of this section. The foundation board shall establish by administrative regulation procedures for administration of the foundation, eligibility criteria for the award of grants, appropriate matching contributions from grant recipients, and evaluation and reporting requirements.
- (5) The foundation shall be attached to the office of the secretary ~~of~~ the **Commerce**~~[Education, Arts, and Humanities]~~ Cabinet for administrative purposes only. The Kentucky Arts Council shall provide to the foundation by agreement staff support and office facilities for which reasonable charges and fees may be levied against the foundation fund.
- (6) The foundation board shall submit an annual report to the Governor and the Legislative Research Commission listing the sources of funds acquired and expended.

Section 30. KRS 153.215 is amended to read as follows:

- (1) There is established the Kentucky Arts Council (hereinafter referred to as "the council") which shall perform functions pursuant to KRS 153.210 to 153.235.
- (2) The purpose of the council shall be to develop and promote a broadly conceived state policy of support for the arts in Kentucky pursuant to KRS 153.210 to 153.235.
- (3) The membership of the council shall consist of not more than sixteen (16) members who have an interest in the arts. On July 1, 1972, the Governor shall appoint not more than four (4) members for a term of one (1) year; not more than four (4) members for a term of two (2) years; not more than four (4) members for a term of three (3) years; and not more than four (4) members for a term of four (4) years. Thereafter the Governor shall make all appointments for a term of four (4) years, except that of the members appointed after July 15, 1998, four (4) members appointed to fill the terms expiring July 1, 1999, shall serve until February 1, 2000; four (4) members appointed to fill the terms expiring July 1, 2000, shall serve until February 1, 2001; four (4) members appointed to fill the terms expiring July 1, 2001, shall serve until February 1, 2002; and members appointed to fill the terms expiring July 1, 2002, shall serve until February 1, 2003; and subsequent appointments shall be for four (4) year terms ending on February 1.
- (4) Council members shall not receive any compensation for their services, but may be reimbursed in accordance with the provisions of KRS Chapters 44 and 45 for actual and necessary expenses incurred in the performance of their duties under KRS 153.210 to 153.235.
- (5) From the council membership the Governor shall appoint a chairman and a vice chairman of the council. The council may elect by majority vote other officers deemed necessary.
- (6) The council shall meet at the call of the chairman, but not less often than twice during each calendar year. A majority of the members appointed to the council shall constitute a quorum.
- (7) The council shall be attached to the **Commerce**~~[Education, Arts, and Humanities]~~ Cabinet as an independent administrative body.

- (8) The council shall be headed by an executive director appointed by the secretary of the Education, Arts, and Humanities Cabinet upon recommendation of the council.

Section 31. KRS 153.410 is amended to read as follows:

- (1) The Kentucky Center for the Arts Corporation is hereby established, and shall consist of fifteen (15) members representing metropolitan Louisville and Kentucky to be appointed by the Governor, who shall also designate a chairman. Initial terms shall be staggered; thereafter, members shall be appointed to four (4) year terms.
- (2) Members may be removed by the Governor only for cause after being afforded notice, a hearing with counsel before the Governor or his designee, and a finding of fact by the Governor. A copy of charges, transcript of the record of the hearings, and findings of fact shall be filed with the Secretary of State.
- (3) The Kentucky Center for the Arts Corporation shall be a body corporate with full corporate powers. A quorum of the corporation shall consist of eight (8) members, with a majority of members present authorized to act upon any matter legally before the corporation. Full minutes and records shall be kept of all meetings of the corporation and all official actions shall be recorded.
- (4) The corporation may enact bylaws concerning the election of other officers, the creation of an executive committee with full authority to act between regular meetings, and the designation of alternates for members with full voting authority.
- (5) The corporation shall be attached to the *Commerce*~~[Education, Arts, and Humanities]~~ Cabinet for administrative purposes.

Section 32. KRS 154.10-010 is amended to read as follows:

- (1) (a) The Kentucky Economic Development Partnership, a board governing the Cabinet for Economic Development, is created and established, performing essential governmental and public functions and purposes essential to improving and promoting the health and general welfare of the people of the Commonwealth through sustainable economic development, as prescribed in KRS 154.01-020.
- (b) The board shall have reorganization powers and authority as prescribed in KRS 12.028 and shall constitute an administrative body as defined in KRS 12.010, but it and the cabinet shall not be subject to the reorganization by the Governor, KRS Chapter 12 notwithstanding.
- (c) The board shall serve as the governing body of the cabinet and shall exercise all powers and authorities conferred upon it by statute, including, but not limited to, the following functions:
 1. Strategic planning;
 2. Finance;
 3. Business assistance;
 4. Marketing and promotion;
 5. Community development;
 6. Workforce development;
 7. Innovation; and

8. All economic development powers and authorities not specifically conferred by statute to another agency or authority of state government.
- (2) The board shall consist of eleven (11) voting members and two (2) nonvoting members. The eleven (11) voting members shall consist of the Governor, the secretary of the Finance and Administration Cabinet, the secretary of the Natural Resources and Environmental Protection Cabinet, and eight (8) private sector members who shall be appointed by the Governor. The secretary of the Governor's Executive Cabinet shall serve as a voting member upon the absence of the Governor. The secretary of the Cabinet for Economic Development and the secretary of the **Commerce**~~[Tourism Development]~~ Cabinet shall serve as nonvoting members.
- (3) By no later than thirty (30) days after July 14, 1992, the governing bodies of each of the following organizations shall meet and nominate two (2) persons from each of the six (6) Congressional districts of the Commonwealth and two (2) persons from the state at large, as candidates for the initial appointment as private sector members to the board:
 - (a) The Kentucky Industrial Development Council;
 - (b) The Associated Industries of Kentucky;
 - (c) The Kentucky State AFL-CIO;
 - (d) The Kentucky Farm Bureau Federation;
 - (e) The Kentucky Chamber of Commerce; and
 - (f) The Kentucky Economic Development Corporation.
- (4) The Governor shall select the original eight (8) private sector members from the aggregation of the lists provided pursuant to subsection (3) with at least one (1) appointment being chosen from each organization's list and at least one (1) appointment being chosen from each Congressional district. After the initial appointments, appointments to vacancies shall be made in the same manner as prescribed in subsection (3) of this section, except that there is no requirement that the vacancy be filled from the same organization's list as the original appointment.
- (5) The terms of office of the initial appointments of the private sector members to the board shall be staggered so that one-fourth (1/4) of all appointments shall expire one (1), two (2), three (3), and four (4) years, respectively, from the date of their appointment. All succeeding appointments shall be for four (4) years.
- (6) In making appointments to the board, the Governor shall assure broad geographical representation, as well as representation from the major sectors of Kentucky's economy by leading executives with a knowledge of the problems of large and small businesses, local economic development, and the transfer of research and development from the laboratory to the marketplace. In filling vacancies, the Governor shall attempt to assure the continuing representation on the board of broad constituencies of Kentucky's economy, including manufacturing and agriculture.
- (7) Vacancies on the board which may occur from time to time shall be filled as follows:
 - (a) Any vacancy which occurs shall be filled for the unexpired term in accordance with the procedures established for the original appointment.

- (b) If any private sector member misses more than two (2) consecutive meetings of the board, then that position shall be declared vacant and filled in accordance with this section.
- (8) The board shall meet quarterly and at other times upon call of the chairman or a majority of the board.
- (9) A quorum shall be a majority of the voting membership of the board.
- (10) A quorum shall be required to organize and conduct the business of the board, except that an affirmative vote of seven (7) or more members of the entire board shall be required to fire the cabinet's secretary, and to adopt or amend the strategic plan.
- (11) Private sector members shall serve without compensation but shall be reimbursed for all reasonable, necessary, and actual expenses.
- (12) All existing duties, responsibilities, functions, personnel, programs, funds, obligations, records, and real and personal property of the Cabinet for Economic Development, as of July 14, 1992, shall be under the authority and control of the board.

Section 33. KRS 154.12-250 is amended to read as follows:

- (1) The Kentucky Coal Council is established within the Office of the *Secretary of the Commerce Cabinet*~~[Governor]~~. The council shall provide direction to the Governor in marketing efforts targeted to increasing opportunities for Kentucky coal and other products and it shall carry out other duties and responsibilities as assigned by the Governor.
- (2) The Office of Coal Marketing and Export is established within the Office of the *Secretary of the Commerce Cabinet*~~[Governor]~~. The office shall carry out the purposes of the council and provide other staff support as is deemed necessary.
- (3) All personnel, equipment, supplies, and records relating to the Kentucky Coal Council shall be transferred to the Office of *the Secretary of the Commerce Cabinet*~~[Coal Marketing and Export in the Office of the Governor]~~.

Section 34. KRS 154.33-603 is amended to read as follows:

- (1) The corporation shall be governed by a board of directors consisting of seven (7) voting members and three (3) ex officio members as follows:
- (a) Three (3) members representing the three (3) county governments, one (1) to be appointed by the county judge/executive of Knott County, one (1) to be appointed by the county judge/executive of Letcher County, and one (1) to be appointed by the county judge/executive of Perry County;
- (b) Three (3) members appointed by the Governor, one (1) each from Knott, Letcher, and Perry Counties;
- (c) The secretary of the Finance and Administration Cabinet, or his or her designee, as a voting member;
- (d) The secretary of the *Commerce*~~[Tourism—Development]~~ Cabinet, or his or her designee, as an ex officio, nonvoting member;
- (e) The secretary of the Cabinet for Economic Development, or his or her designee, as an ex officio, nonvoting member; and

- (f) The commissioner of the Department for Local Government, or his or her designee, as an ex officio, nonvoting member.
- (2) Appointed members shall serve staggered terms of four (4) years beginning August 1, 2000, except that of the initial appointments:
- (a) One (1) member appointed by the Governor and the member appointed by the county judge/executive of Knott County shall each serve a term of four (4) years;
 - (b) One (1) member appointed by the Governor and the member appointed by the county judge/executive of Letcher County shall each serve a term of three (3) years;
 - (c) The one (1) member appointed by the county judge/executive of Perry County shall serve a term of two (2) years; and
 - (d) One (1) member appointed by the Governor shall serve a term of one (1) year.
- (3) A member may be removed by the appointing authority only for neglect of duty, misfeasance, or malfeasance and after being afforded an opportunity for a hearing in accordance with KRS Chapter 13B.
- (4) Members of the board shall serve without compensation but shall be reimbursed for actual and necessary travel expenses incurred in the performance of their duties. The reimbursement shall be in accordance with administrative regulations promulgated under KRS Chapter 13A by the Finance and Administration Cabinet.

Section 35. KRS 154.47-050 is amended to read as follows:

The Kentucky Wood Products Competitiveness Corporation shall work in cooperation with the Department of Parks of the *Commerce*~~[Tourism Development]~~ Cabinet to:

- (1) Develop and design Kentucky-made furniture for use in state parks;
- (2) Make state parks facilities living showrooms for Kentucky furniture and other wood products; and
- (3) Establish retail showrooms where Kentucky-made furniture and other wood products can be displayed for sale to, or order by, park visitors.

Section 36. KRS 171.3801 is amended to read as follows:

- (1) There is established the Kentucky Heritage Council (hereinafter referred to as "the council") which shall perform the functions specified in KRS 171.381.
- (2) The membership of the council shall consist of not more than sixteen (16) members who have an interest in the preservation and protection of Kentucky's heritage. On or before September 15, 1982, the Governor shall appoint not more than four (4) members for a term of one (1) year, not more than four (4) members for a term of two (2) years, not more than four (4) members for a term of three (3) years, and not more than four (4) members for a term of four (4) years. Thereafter, the Governor shall make all appointments for a term of four (4) years.
- (3) Council members shall receive no compensation for their services but may be reimbursed for actual and necessary expenses incurred in the performance of their duties.
- (4) From the council membership the Governor shall appoint a chairman and a vice chairman of the council. The council may elect by majority vote other officers deemed necessary.

- (5) The council shall meet at the call of the chairman, but not less often than twice during each calendar year. A majority of the members appointed to the council shall constitute a quorum.
- (6) The council shall be attached to the *Commerce*~~[Education, Arts, and Humanities]~~ Cabinet for administrative purposes.
- (7) The Heritage Council shall include a heritage division, whose duties shall include providing staff services needed by the Heritage Council in order to perform its duties under KRS 171.381, including but not limited to preserving and protecting buildings, sites and other landmarks associated with the archaeological, cultural, economic, military, national, political and social aspects of Kentucky's history.
- (8) The heritage division shall be headed by a director appointed by the Governor from a list of three (3) nominees submitted by the Heritage Council; and the Heritage Council and the heritage division shall not be subject to reorganization.

Section 37. KRS 171.812 is amended to read as follows:

The commission shall coordinate Kentucky's Underground Railroad initiative in accordance with KRS 171.805. The commission's duties as they relate to this initiative shall include but not be limited to the following:

- (1) Undertake a comprehensive statewide inventory of historic sites related to the Underground Railroad, and implement a master plan for site protection and development;
- (2) Encourage and assist the state preservation officer within the Kentucky Heritage Council to nominate significant historical sites of the Kentucky Underground Railroad to the national and state registers of historic places;
- (3) Develop and operate, in conjunction with the *Commerce*~~[Tourism Development]~~ Cabinet, a program of public information, education, and promotion of the history of the Underground Railroad in Kentucky, to include but not be limited to implementing and maintaining a website connected to the *Commerce*~~[Tourism Development]~~ Cabinet;
- (4) Coordinate with local, state, and federal authorities in project planning that may affect Underground Railroad sites in Kentucky and neighboring states;
- (5) Consider the council's recommendations and, contingent on review by the council, present to the secretary of the Education, Arts, and Humanities Cabinet an annual report and plan for future action; and
- (6) Pursue public and private funds to carry out the duties set forth in this section.

Section 38. KRS 171.814 is amended to read as follows:

An Underground Railroad Advisory Council shall be established within the commission.

- (1) The council shall consist of thirteen (13) members, as follows:
 - (a) Secretary of the Education, Arts, and Humanities Cabinet, or designee;
 - (b) Secretary of the *Commerce*~~[Tourism Development]~~ Cabinet, or designee;
 - (c) Secretary of the Transportation Cabinet, or designee;
 - (d) Director of the Kentucky Historical Society, or designee;
 - (e) State historic preservation officer of the Kentucky Heritage Council, or designee;

- (f) Chair of the commission or designee;
 - (g) Director of the Underground Railroad Institute at Georgetown College, or designee;
 - (h) Two (2) members of the General Assembly who hold an interest in the Underground Railroad, one (1) appointed by the President of the Senate and one (1) appointed by the Speaker of the House of Representatives;
 - (i) Two (2) at-large representatives who hold an interest in the protection, preservation, and promotion of the history of the Underground Railroad in Kentucky, appointed by the Governor;
 - (j) One (1) member of the board or staff of the National Underground Railroad Freedom Center who resides within a county of the Northern Kentucky Area Development District; and
 - (k) One (1) member of the board or staff of the National Underground Railroad Museum who resides within a county of the Buffalo Trace Area Development District.
- (2) The duties of the council shall be to:
- (a) Advise and assist the commission with respect to issues and opportunities related to the Underground Railroad; and
 - (b) Annually review and make recommendations to the commission on the annual report and plan for future action.
- (3) Members of the council shall be appointed for four (4) year terms, except that initial appointments for the two (2) at-large members shall be made so that one (1) member is appointed for two (2) years, and one (1) member is appointed for three (3) years. Sitting members shall be eligible for reappointment.
- (4) The chair of the commission shall serve as chair of the council.
- (5) The council shall meet annually or more frequently at the request of the chair.
- (6) Six (6) members shall constitute a quorum for conducting business.
- (7) In the event of a vacancy, the appropriate appointing entity shall appoint a replacement member who shall hold office during the remainder of the term so vacated.
- (8) Members of the council shall serve without compensation.

Section 39. KRS 176.500 is amended to read as follows:

- (1) The Mississippi River Parkway Commission of Kentucky is hereby established to serve as the local coordinating agency for the development of the Great River Road along the Mississippi River from Canada to the Gulf of Mexico. The commission shall be attached to the Office of the Secretary of the **Commerce**~~[Tourism Development]~~ Cabinet for administrative purposes.
- (2) The commission shall consist of the following ten (10) members: Four (4) citizen members, appointed by the Governor, and consisting of one (1) member from each of the four (4) counties that border the Mississippi River, who shall serve a term of four (4) years and may serve until a successor is appointed. Four (4) members shall be the respective county judges/executive of Ballard, Carlisle, Fulton, and Hickman Counties in Kentucky. Other members shall be the secretary of the **Commerce**~~[Tourism Development]~~ Cabinet or his designee; and the secretary of the Transportation Cabinet, or his designee. The commission

shall annually elect a chairman and shall meet quarterly or upon call of the chairman with ten (10) days' written notice. Six (6) members present shall constitute a quorum for the official conduct of business. The commission may enter into contracts with the Purchase Area Development District to provide administrative services.

- (3) Members shall receive no compensation but shall be reimbursed according to state regulations for actual and necessary expenses incurred in conducting commission business.
- (4) The commission shall assure that the proper direction is taken in developing a corridor of scenic, historical, and archaeological significance through the Kentucky counties of Ballard, Carlisle, Hickman, and Fulton.

Section 40. KRS 177.107 is amended to read as follows:

The Transportation and Tourism Interagency Committee is established to foster close collaboration between the **Commerce**~~{Tourism Development}~~ Cabinet and the Transportation Cabinet on policies that affect the tourism industry and to place strong emphasis on the coordination of mutual interests such as highway signage, scenic byways, highway safety, and concern for the Commonwealth's beauty and heritage.

Section 41. KRS 177.108 is amended to read as follows:

- (1) The Transportation and Tourism Interagency Committee shall be composed of thirteen (13) members or their official appointed designees, as follows:
 - (a) Six (6) members appointed by the secretary of the **Commerce**~~{Tourism}~~ Cabinet;
 - (b) Six (6) members appointed by the secretary of the Transportation Cabinet; and
 - (c) One (1) member appointed by the executive director of the Kentucky Heritage Council.
- (2) Committee members shall receive no compensation for their services, but shall be entitled to reimbursement for all reasonable expenses necessarily incurred in connection with the performance of their duties and functions as committee members.
- (3) The committee shall elect its chair and vice chair from representatives of the **Commerce**~~{Tourism Development}~~ and Transportation Cabinets for a term of one (1) year. The vice chair shall succeed the chair. The chair shall alternately be a representative of the **Commerce**~~{Tourism Development}~~ and Transportation Cabinets.
- (4) The committee shall meet upon the call of the chair and upon the request of the secretary of the **Commerce**~~{Tourism Development}~~ Cabinet or the secretary of the Transportation Cabinet.
- (5) A committee member may appoint a proxy for an individual meeting, delegating to the proxy the privilege of voting on any issue. The proxy appointment shall be in writing.

Section 42. KRS 177.109 is amended to read as follows:

The Transportation and Tourism Interagency Committee shall have, but not be limited to, the following duties and responsibilities:

- (1) Review Kentucky's signage laws, administrative regulations, and policies implementing the federal "Manual on Uniform Traffic Control Devices" and submit any proposed revisions to the secretary of the Transportation Cabinet;
- (2) Seek public comment on Kentucky's signage laws, administrative regulations, and policies;

- (3) Advise the Transportation Cabinet on the scenic byways and highways program;
- (4) Review and make recommendations on requests for highway signage from tourism-related entities;
- (5) Coordinate development of the tourism information potential of welcome centers and rest areas through such means as interactive videos, information kiosks, and highway advisory radio transmitters, as well as other innovative methods which may be identified by the committee;
- (6) Monitor developments across the United States relating to billboards and official signs;
- (7) Report to the secretary of the Transportation Cabinet and to the secretary of the *Commerce*~~{Tourism Development}~~ Cabinet on issues of mutual interest to the cabinets;
- (8) Serve as an advisory committee on issues identified by the secretary of the Transportation Cabinet and secretary of the *Commerce*~~{Tourism Development}~~ Cabinet; and
- (9) Report committee recommendations to the secretary of the Transportation Cabinet, the secretary of the *Commerce*~~{Tourism Development}~~ Cabinet, the secretary of the Education, Arts, and Humanities Cabinet, and the secretary of the Executive Cabinet.

Section 43. KRS 177.573 is amended to read as follows:

The Transportation Cabinet, in coordination with the *Commerce*~~{Tourism Development}~~ Cabinet and the Kentucky Heritage Council, shall promulgate administrative regulations under KRS Chapter 13A to establish:

- (1) Specific criteria for a road to be designated a scenic byway or a scenic highway;
- (2) A process for nominating and review of a road as a scenic byway or scenic highway;
- (3) A process for designating a road as a scenic byway or scenic highway; and
- (4) A process to remove the scenic designation from a byway or highway if the intrinsic qualities of the road change or if the community affected by the road requests the scenic designation to be removed.

Section 44. KRS 194B.110 is amended to read as follows:

- (1) The Kentucky Commission on Human Services Collaboration is hereby created and is attached to the Cabinet for Families and Children for administrative purposes. The commission shall develop, adopt, and amend, as appropriate, a service coordination plan to promote health, education, and social services partnerships of public and private agencies. The commission shall coordinate, evaluate, and provide technical assistance in implementing the service coordination plan.
- (2) The commission shall coordinate and facilitate development of community partnership strategic plans, which are designed to implement the service coordination plan.
- (3) The commission shall coordinate and facilitate development of outcomes to be achieved by community partnerships as outlined in the service coordination plan and report on progress toward achieving results.
- (4) The commission shall also work to increase the efficiency and effectiveness of services to individuals, families and children through the identification and elimination of duplicative boards and commissions, which exercise overlapping responsibilities, and the identification

of gaps in and barriers to the provision and receipt of human services. The commission shall provide technical assistance to communities.

- (5) The commission shall report to the Legislative Research Commission and the General Assembly by October 1 of each year on the following:
 - (a) The coordination plan;
 - (b) The community partnership strategic plans;
 - (c) The increase in the efficiency and effectiveness of services;
 - (d) The boards and commissions eliminated;
 - (e) The boards and commissions identified as duplicative; and
 - (f) The identified gaps and barriers to provision and receipt of human services.
- (6) The commission shall consist of the following members:
 - (a) The Governor's designee;
 - (b) The secretary of the Cabinet for Families and Children;
 - (c) The secretary for the Cabinet for Health Services;
 - (d) The secretary of the Cabinet of Economic Development;
 - (e) The secretary of the Justice Cabinet;
 - (f) The secretary of Arts, Education and Humanities;
 - (g) The secretary of the *Commerce*~~{Tourism}~~ Cabinet;
 - (h) The secretary of the Cabinet for Workforce Development;
 - (i) The commissioner of education;
 - (j) The commissioner of juvenile justice;
 - (k) The director of the Administrative Office of the Courts;
 - (l) Seven (7) gubernatorial appointees, representing business, community leaders, and consumers; and
 - (m) The chair for the Council on State and Local Collaboratives.
- (7) Members who hold state government positions shall serve by virtue of their offices. The remaining initial members of the commission shall be designated by the Governor to serve for a term ranging from one (1) to four (4) years. Subsequent appointments to the commission shall be for four (4) year terms and limited to two (2) consecutive four (4) year terms.
- (8) The Governor shall designate a member of the public appointed to the commission to serve as chair of the commission for a term of two (2) years. Thereafter, a chair shall be selected by the members of the commission from the members of the public appointed by the commission. The chair shall serve for a period of two (2) years.
- (9) The chair of the commission, following consultation with the cabinet secretaries and upon agreement of the commission, may designate work groups to make recommendations to the commission regarding parental and community involvement and its mission.

- (10) Staff assistance shall be provided to the commission through the cooperative efforts of the members of the commission serving in the executive cabinet. Primary staff assistance shall be the responsibility of the Cabinet for Families and Children.
- (11) Members of the commission shall be eligible to receive travel expenses while attending meetings of the commission in accordance with state travel regulations. Members of committees appointed by the commission shall be eligible for reimbursement of travel expenses incurred while attending committee or commission meetings in accordance with state travel regulations.
- (12) The commission shall cease to exist two (2) years after July 15, 1998, unless otherwise reauthorized by the General Assembly.

Section 45. KRS 235.010 is amended to read as follows:

As used in this chapter, unless the context clearly requires a different meaning:

- (1) "Vessel" means every description of watercraft, other than a seaplane on the water;
- (2) "Motorboat" means any vessel propelled by machinery, whether or not such machinery is the principal source of propulsion, except for the following:
 - (a) Boats or vessels propelled totally by a direct current battery-powered motor when used on private waters;
 - (b) Boats propelled by human power employing the use of hand or foot operation; and
 - (c) Federally regulated commercial vessels;
- (3) "Owner" means a person, other than a lienholder, having the property in or title to a motorboat. The term includes a person entitled to the use or possession of a motorboat subject to an interest in another person, reserved or created by agreement and securing payment or performance of an obligation, but the term excludes a lessee under a lease not intended as security;
- (4) "Personal watercraft" means a vessel which uses an internal combustion engine to power a jet pump for its primary source of propulsion and is designed to be operated by a person sitting, standing, or kneeling on the vessel rather than to be operated by a person sitting or standing inside the vessel;
- (5) "Safe boating certificate" means a document attesting the successful completion of instruction, approved by the department or given by the United States Coast Guard or Coast Guard Auxiliary or the United States Power Squadron, to prepare an individual to safely operate a motorboat or personal watercraft on the waters of the Commonwealth;
- (6) "Waters of this state" means any waters within the territorial limits of this state;
- (7) "Person" means an individual, partnership, firm, corporation, association, or other entity;
- (8) "Operate" means to navigate or otherwise use a motorboat or a vessel;
- (9) "Cabinet" means the **Commerce**~~{Tourism Development}~~ Cabinet;
- (10) "Department" means the Department of Fish and Wildlife Resources;
- (11) "License" and "certificate of number" as used herein are synonymous;
- (12) "Clerk" means county clerk;

- (13) "Division of Law Enforcement" means the Division of Law Enforcement, Department of Fish and Wildlife Resources within the *Commerce*~~{Tourism Development}~~ Cabinet;
- (14) "Title" means the certificate of title;
- (15) "Commissioner" means the commissioner of the Department of Fish and Wildlife Resources;
- (16) "Federally regulated commercial vessel" means any vessel holding a United States certificate of documentation with a coastwise trade endorsement;
- (17) "Marina" means a dock or basin providing moorings for motorboats and offering supply, repair, or other services for remuneration; and
- (18) "Marine sanitation device" means equipment that is identified by the United States Coast Guard as meeting the standards of the United States Environmental Protection Agency or that is approved by the Natural Resources and Environmental Protection Cabinet, to eliminate the discharge of untreated sewage from vessels into the waters of the Commonwealth and is a device that receives, treats, retains, or discharges sewage.

Section 46. KRS 235.030 is amended to read as follows:

This chapter shall be known as the State Boating Act and shall be administered by the Department of Fish and Wildlife Resources in the *Commerce*~~{Tourism Development}~~ Cabinet, except the Transportation Cabinet shall be responsible for administering the boat numbering, registration, and titling requirements.

Section 47. KRS 235.130 is amended to read as follows:

- (1) No person acting for himself or another shall buy or trade for any motorboat without receiving the certificate of title issued for that boat with a certificate of transfer *endorsed*~~{indorsed}~~ thereon. If the motorboat has not been issued a certificate of title as noted on the certificate of registration, the person shall receive a completed assignment of title on a boat transaction record and the certificate of registration.
- (2) It shall be the duty of the purchaser to promptly submit the *endorsed*~~{indorsed}~~ certificate of title or boat transaction record and certificate of registration to the county clerk of the county of the purchaser's residence or in which the motorboat is to be principally operated. The purchaser shall apply for a new certificate of title and registration pursuant to KRS 235.050. The county clerk shall thereupon issue to the purchaser a transfer of registration bearing the same data and information. The clerk shall forward the *endorsed*~~{indorsed}~~ certificate of title or boat transaction record and certificate of registration and new application for title and registration to the Transportation Cabinet. Except when registration is prohibited by law, any unexpired registration shall remain valid after transfer until expiration occurs according to law.
- (3) For transferring the registration, the clerk shall collect a fee of five dollars (\$5). The clerk shall retain two dollars (\$2), the Transportation Cabinet shall receive two dollars (\$2) and the Department of Fish and Wildlife Resources within the *Commerce*~~{Tourism Development}~~ Cabinet shall receive one dollar (\$1). The fee received by the Transportation Cabinet shall be deposited in a trust and agency account for use by the Transportation Cabinet in defraying the cost of implementing and operating the boat titling and registration program. The fee for transferring the title shall be as required by KRS 235.085.

- (4) If a transferee does not promptly submit the necessary documents to the county clerk as required by law in order to complete the transfer transaction, a transferor may submit to the county clerk, after the passage of fifteen (15) calendar days, in his county of residence, an affidavit that he has transferred his interest in a specific motorboat and the clerk may enter appropriate data into the AVIS system which would restrict any registration transaction from occurring on that vehicle until the transfer was processed.
- (5) If the owner junks or otherwise renders a motorboat unfit for future use, he shall deliver the title to the county clerk of the county in which the motorboat is junked. The county clerk shall immediately return the title to the Transportation Cabinet. The owner shall pay to the county clerk fifty cents (\$0.50) for his services.

Section 48. KRS 247.800 is amended to read as follows:

The Department of Agriculture, in conjunction with the *Commerce*~~{Tourism-Development}~~ Cabinet, shall create an interagency Office of Agritourism to be housed in the Division of Agriculture Marketing, Agritourism, and Agribusiness Recruitment within the Office for Agricultural Marketing and Product Promotion in the Department of Agriculture. As used in KRS 247.800 to 247.810, agritourism means the act of visiting a working-farm or any agricultural, horticultural, or agribusiness operation for the purpose of enjoyment, education, or active involvement in the activities of the farm or operation. It shall be the purpose of the Office of Agritourism to:

- (1) Promote agritourism in Kentucky to potential visitors, both national and international; and
- (2) Assist in sustaining the viability and growth of the agritourism industry in Kentucky.

Section 49. KRS 247.802 is amended to read as follows:

The Office of Agritourism shall perform all duties necessary to carry out the purposes of KRS 247.800 to 247.810, including but not limited to:

- (1) Within the first year of its creation, developing a statewide master plan for implementation of KRS 247.800 and this section. The Office of Agritourism shall report on the plan to the Agritourism Advisory Council at the request of the council;
- (2) Developing a unified Kentucky agritourism marketing strategy between the Department of Agriculture and the *Commerce*~~{Tourism-Development}~~ Cabinet to promote Kentucky agritourism. The strategy shall include but not be limited to promotion of Kentucky agritourism through the creation of an agritourism Web site and advertisement through various media outlets;
- (3) Coordinating efforts to educate the general public about the importance of Kentucky's agricultural heritage and industry;
- (4) Developing regional agritourism development plans for each of the nine (9) tourism regions as follows:
 - (a) Bluegrass;
 - (b) Cave;
 - (c) Green River;
 - (d) Eastern Highlands-North;
 - (e) Eastern Highlands-South;

- (f) Louisville-Lincoln;
 - (g) Northern Kentucky;
 - (h) Southern Lakes and Rivers; and
 - (i) Western Lakes and Rivers;
- (5) Providing support, education, and resource materials for all interested persons, to include but not be limited to existing Kentucky agritourism businesses, displaced tobacco farmers and others engaged in agribusiness within the state, and other Kentuckians with the intent of developing an agritourism business. The agritourism office shall provide this assistance in the following areas, to include but not be limited to:
- (a) Agritourism opportunities, networks, product development, and entrepreneurship;
 - (b) Agritourism funding opportunities, including but not limited to grants, loans, and partnerships; and
 - (c) Insurance and infrastructure concerns of the agritourism industry;
- (6) Working and partnering with federal, state, and local organizations to carry out the purposes of KRS 247.800 to 247.810;
- (7) Reporting to the Agritourism Advisory Council, as created in KRS 247.804, annually or at the request of the chair, and in accordance with subsection (1) of this section; and
- (8) Considering the recommendations of the Agritourism Advisory Council, in accordance with KRS 247.806(2).

Section 50. KRS 247.804 is amended to read as follows:

An Agritourism Advisory Council shall be established within the Department of Agriculture to advise and assist the Office of Agritourism. The Agritourism Advisory Council shall be composed of:

- (1) One (1) representative from each of the following entities:
- (a) Department of Agriculture, appointed by the Commissioner of Agriculture;
 - (b) **Commerce**~~[Tourism Development]~~ Cabinet, appointed by the secretary of the cabinet;
 - (c) Education, Arts, and Humanities Cabinet, appointed by the secretary of the cabinet;
 - (d) Department of Fish and Wildlife Resources Commission, appointed by the commissioner of the department;
 - (e) University of Kentucky Cooperative Extension Service;
 - (f) West Kentucky Corporation;
 - (g) Kentucky Tourism Council;
 - (h) Kentucky Farm Bureau;
 - (i) Kentucky Association of Fairs and Horse Shows;
 - (j) East Kentucky Corporation;
 - (k) Southern and Eastern Kentucky Tourism Development Association;
 - (l) Licking River Valley Resource Conservation and Development Council;

- (m) Buffalo Trace Covered Bridge Authority;
 - (n) Kentucky Chamber of Commerce; and
 - (o) Kentucky Council of Area Development Districts;
- (2) The Governor, or a designee;
 - (3) Two (2) members of the General Assembly who hold an interest in agriculture, one (1) appointed by the President of the Senate and one (1) appointed by the Speaker of the House of Representatives; and
 - (4) Nine (9) representatives of agriculture or the agritourism industry, appointed by the Commissioner of Agriculture from a list of candidates compiled by the tourism regions as set forth in KRS 247.802(4). Each tourism region shall submit three (3) candidates with a business interest in agritourism who reside within that region, and the Commissioner shall appoint one (1) candidate from each region from those names submitted.

Section 51. KRS 247.810 is amended to read as follows:

The Commissioner of Agriculture and the secretary of the *Commerce*~~[Tourism Development]~~ Cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A, as necessary to implement the provisions of KRS 247.800 to 247.810.

Section 52. KRS 260.165 is amended to read as follows:

- (1) The Kentucky Grape and Wine Council is hereby created within the Department of Agriculture. The purpose of the council shall be to promote and facilitate the development of a grape industry in the Commonwealth of Kentucky.
- (2) The council shall be composed of the Commissioner of Agriculture, or his designee, and nine (9) members appointed by the Governor. Of the nine (9) gubernatorial appointments, the Governor shall appoint one (1) from a list of three (3) candidates submitted by the director of the University of Kentucky Agriculture Experiment Station, one (1) from a list of three (3) candidates submitted by the secretary of the *Commerce*~~[Tourism Development]~~ Cabinet, three (3) winery operators, and two (2) grape producers from a list of ten (10) candidates submitted by the Kentucky Vineyard Society and the Kentucky Grape and Wine Council.
- (3) The appointed members shall serve for terms of four (4) years and until their successors are appointed and qualify. The council shall select a chairman and shall meet at the times and places that he designates. Five (5) members present at any meeting shall constitute a quorum. Upon the written request of any five (5) members, the chairman shall call a meeting of the council at the time and place requested.
- (4) Members shall receive no compensation but shall be reimbursed, payable from the Kentucky Grape and Wine Council fund, for any actual travel expense incurred while attending meetings of the council.

Section 53. KRS 56.776 is amended to read as follows:

The Finance and Administration Cabinet, with the assistance of the *Office*~~[Division]~~ of Energy *Policy* within the *Commerce*~~[Department for Natural Resources of the Natural Resources and Environmental Protection]~~ Cabinet, shall institute an energy audit training program to identify energy saving techniques for state-owned building maintenance staff. Additional programs shall be developed to educate state employees and other building occupants on energy awareness and

practices to reduce energy use in state-owned buildings. Local government employees may be included in training and educational programs.

Section 54. The following KRS sections are repealed:

148.815 State Parks Commission.

148.820 Meetings of commission -- Duties of commission.

148.825 Inspection of state park facilities by commission -- Access to grounds, buildings, and records.

Section 55. In order to reflect the reorganization effectuated by this Act, the reviser of statutes shall replace references in the Kentucky Revised Statutes to the agencies, subagencies, and officers affected by this Act with references to the appropriate successor agencies, subagencies, and officers established by this Act. The reviser of statutes shall base these actions on the functions assigned to the new entities by this Act and may consult with officers of the affected agencies, or their designees, to receive suggestions.

Section 56. Any provision of law to the contrary notwithstanding, the General Assembly hereby confirms the portion of the Governor's Executive Order 2004-729, dated July 9, 2004, and the portion of the Governor's Executive Order 2004-1014, dated September 16, 2004, to the extent that they are not otherwise confirmed or superseded by this Act.

Approved March 16, 2005.