

CHAPTER 49**(HB 148)**

AN ACT relating to the Kentucky Wood Products Competitiveness Corporation.

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

➔Section 1. KRS 42.4592 is amended to read as follows:

- (1) Moneys remaining in the local government economic development fund following the transfer of moneys to the local government economic assistance fund provided for in KRS 42.4585 ~~and following the transfer of moneys to the secondary wood products development fund provided for in KRS 42.4586~~ shall be allocated as follows:
 - (a) Thirty-three and one-third percent (33-1/3%) shall be allocated to each coal producing county on the basis of the ratio of total tax collected in the current and preceding four (4) years on coal severed in each respective county to the total tax collected statewide in the current and four (4) preceding years.
 - (b) Thirty-three and one-third percent (33-1/3%) shall be allocated quarterly to each coal-producing county on the basis of the following factors, which shall be computed for the current and four (4) preceding years, and which shall be equally weighted:
 1. Percentage of employment in mining in relation to total employment in the respective county;
 2. Percentage of earnings from mining in relation to total earnings in the respective county; and
 3. Surplus labor rate; ~~and~~
 - (c) Thirty-three and one-third percent (33-1/3%) shall be reserved for expenditure for industrial development projects benefiting two (2) or more coal-producing counties. For purposes of this paragraph, "coal-producing county" shall mean a county which has produced coal in the current or any one of the four (4) preceding years.
- (2) (a) For purposes of paragraph (b) of subsection (1) of this section, "percentage of employment in mining" and "percentage of earnings from mining" shall be the percentages published for the latest available five (5) year period by the Bureau of Economic Analysis in the United States Department of Commerce; "surplus labor rate" shall be the rate published for the latest available five (5) year period by the Office of Employment and Training of the Department of Workforce Investment in the Education and Workforce Development Cabinet, as provided in paragraph (b) of this subsection.
 - (b) 1. Each year the Office of Employment and Training shall estimate surplus labor for each county and for the Commonwealth and shall annually publish an estimate of the surplus labor rate for each county and the Commonwealth.
 2. The estimate of surplus labor for each county and for the Commonwealth shall be made using the best practical method available at the time the estimates are made. In determining the method to be adopted, the Office of Employment and Training may consult with knowledgeable individuals, including but not limited to the Office of the United States Bureau of Labor Statistics, state and national researchers, state and local officials, and staff of the Legislative Research Commission. The description of the method used to estimate surplus labor shall be reported in each annual publication provided for in subparagraph 1. of this paragraph.
 3. For purposes of this section, "surplus labor" means the total number of residents who can be classified as unemployed or as discouraged workers, and "surplus labor rate" means the percentage of the potential civilian labor force which is surplus labor.
- (3) The funds allocated under the provisions of paragraphs (a) and (b) of subsection (1) of this section shall retain their identity with respect to the county to which they are attributable, and a separate accounting of available moneys within the fund shall be maintained for the respective counties. Accounting for funds allocated under the provisions of this section shall be by the Department for Local Government.

➔Section 2. KRS 154.20-170 is amended to read as follows:

- (1) Industrial entities, agricultural business entities, business enterprises, or private sector firms which are members of a business network within the meaning of KRS 154.01-010 in a targeted industrial sector as set

forth in the state strategic plan for economic development as prescribed in KRS 154.10-120, and businesses that compose the secondary wood products industry as defined in KRS 154.47-005~~(9)~~~~(10)~~, shall be given priority consideration under state economic development loan, grant, and incentive programs administered by the Kentucky Economic Development Finance Authority.

- (2) Notwithstanding the provisions of subsection (1) of this section, highest priority consideration under state economic development loan, grant, and incentive programs administered by the authority shall be given to those projects that are located in counties of Kentucky which have had an average countywide rate of unemployment of fifteen percent (15%) or greater in the most recent twelve (12) consecutive months for which unemployment figures are available, on the basis of the final unemployment figures calculated by the Office of Employment and Training within the Department of Workforce Investment in the Education and Workforce Development Cabinet.

➔Section 3. KRS 154.47-005 is amended to read as follows:

As used in this subchapter, unless the context clearly indicates otherwise:

- (1) "Approved network" means a flexible manufacturing network approved by the *cabinet*~~board~~ in accordance with KRS 154.47-040;
- (2) *"Cabinet" means the Cabinet for Economic Development*~~["Board" means the governing body of the Kentucky Wood Products Competitiveness Corporation];~~
- (3) "Center" means the Quicksand Wood Utilization Center located in Breathitt County, Kentucky;
- (4) "Certified tree farmer" means a person whose tree farm is certified by the Kentucky Tree Farm Committee and approved by the American Forest Foundation;
- (5) ~~["Corporation" means the Kentucky Wood Products Competitiveness Corporation as created in KRS 154.47-015;~~
- ~~(6)"]~~"Council" means the Kentucky Forest Products Council as created in KRS 154.47-110;
- ~~(6)~~~~(7)~~ "Flexible manufacturing network" or "network" means an affiliation of secondary wood products businesses as provided by KRS 154.47-040;
- ~~(7)~~~~(8)~~ "Forest steward" means a person whose forest property is certified as a stewardship forest and approved by the Division of Forestry of the Department for Natural Resources;
- ~~(8)~~~~(9)~~ "Procurement area" means an area specified by the applicant in a radius of miles from the applicant's site of operations from which the applicant acquires raw wood products;
- ~~(9)~~~~(10)~~ "Secondary wood products industry" means businesses that compose that segment of the forest products industry that manufacture, assemble, process, or produce wood into a finished or semifinished product; however, the "secondary wood products industry" does not include primary wood products operations such as logging, sawmilling, chip milling, veneer milling, or pulp milling. Businesses that include both primary and secondary wood products operations are deemed to be within the secondary wood products industry only in regard to their secondary wood products operations; and
- ~~(10)~~~~(11)~~ "Wood industry hub" or "hub" means a system in which the technical and workforce training needs of the secondary wood products industry are integrated.

➔Section 4. KRS 154.47-040 is amended to read as follows:

- (1) Three (3) or more secondary wood products businesses may establish a flexible manufacturing network for the purposes deemed appropriate by those businesses upon application to the *cabinet*~~Cabinet for Economic Development~~, and, if approved, may become eligible for business incentives and priority consideration for state economic development loans and grants~~as provided in KRS 154.47-015 to 154.47-070 and KRS 42.455 and as may be otherwise provided by law~~.
- (2) ~~[The Kentucky Wood Products Competitiveness Corporation, in cooperation and in conjunction with the Cabinet for Economic Development, shall assist with the development and promotion of secondary wood industry business networks and projects. The corporation shall provide development and promotion advice and assistance that seeks to provide a formalized, collaborative mechanism that will allow three (3) or more secondary wood industry businesses to: pool expertise; improve technology, develop new markets, improve employee skills, increase capitalization, improve product and production quality, and develop a system of collective intelligence among participating entities.~~

- ~~(3) The corporation shall assemble and keep in its office information concerning the various secondary wood products requirements of state capital construction and renovation projects **shall be maintained by the Finance and Administration Cabinet's Department for Facilities and Support Services**. This information shall be made available to any secondary wood industry business that seeks business with state agencies. ~~The corporation shall assist secondary wood industry businesses and business networks with the collaborative design and product development specifications of state capital construction and renovation projects.~~~~
- ~~(4) Applications of secondary wood products businesses as prescribed in subsection (1) of this section shall ~~not~~ be approved **or disapproved** by the cabinet ~~unless first reviewed by the board. The board shall upon receipt of an application complete its review and take action thereon within ninety (90) days from the date of receipt.~~~~
- ~~(3)(5)~~ Any business firm that is a member of an approved network as set forth in this section shall be eligible for priority consideration for financial incentives, including loans, grants, and tax credits programs under the authority of the Kentucky Economic Development Finance Authority as set forth in this chapter.
- ~~(4)(6)~~ Nothing contained in this section shall be so construed as waiving standard eligibility requirements and sound business qualifications applicable to any business making an application to the Kentucky Economic Development Finance Authority for state financial assistance programs under its authority and responsibility.

➔Section 5. KRS 154.47-050 is amended to read as follows:

The ~~Kentucky Wood Products Competitiveness Corporation shall work in cooperation with the~~ Kentucky Department of Parks of the Tourism, Arts and Heritage Cabinet **shall whenever practicable**~~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 6. KRS 154.47-055 is amended to read as follows:

- (1) Notwithstanding the provisions of KRS Chapter 151B, the University of Kentucky, Eastern Kentucky University, Morehead State University, and the Kentucky Community and Technical College System in conjunction with the **Department of Workforce Investment in the Education and Workforce Development Cabinet may**~~corporation shall~~ develop an integrated program and curricula for workforce training in the area of secondary wood products manufacturing, including nondegree and degree courses of study. ~~Neither the corporation nor the Cabinet for Economic Development or any of its agencies or instrumentalities shall provide funding for training, education, or any other purpose, to any state agency or institution which provides workforce training or education relating to wood products manufacturing, unless the agency or institution complies with the integrated program and curricula developed in accordance with this section.~~
- (2) ~~No state agency provider of workforce training shall reduce existing funding for wood industry related training to offset funding received from the corporation under the integrated training program.~~
- ~~(3) The integrated workforce training program and the curricula shall be designed in a manner that shall provide postsecondary, nondegree and degree level students with the contemporary skills needed for employment in the secondary wood industry.~~

➔Section 7. KRS 154.47-060 is amended to read as follows:

- (1) ~~Notwithstanding the provisions of KRS 151B, the corporation shall contract with~~ The University of Kentucky College of Agriculture **may**~~to~~ operate the Quicksand Wood Utilization Center, which is located in Breathitt County at the Quicksand Substation of the College of Agriculture of the University of Kentucky, as a hub for the expansion of the secondary wood products industry. The center shall, **if utilized as a secondary wood products training center**,~~be operated as provided for in the contract to~~ develop and further workforce training, management skills, technology transfer, and collaborative design and product development mechanisms and processes associated with the secondary wood products industry. ~~The contract may contain additional terms and conditions that the parties agree upon but shall mandate the following:~~
 - ~~(a) The corporation, utilizing facilities of the Quicksand Wood Utilization Center, shall adopt and implement the workforce training program as set forth in KRS 154.47-055. The curriculum, instructional methods, materials and equipment adopted by the center shall be subject to the approval of the board of the Kentucky Wood Products Competitiveness Corporation. The curriculum shall include, but not be limited to, contemporary course areas that center upon: methods of stock preparation, the~~

~~manufacture of sheet materials, computer assisted design and drafting, computer assisted manufacturing, telecommunications training, worker safety, environmental laws and regulations, and contemporary and emerging wood industry technology and manufacturing systems.~~

- ~~(b) The corporation, utilizing facilities of the Quicksand Wood Utilization Center, shall develop and implement management training programs and seminars that are appropriate for providing post-secondary, nondegree students with contemporary skills needed for the operation of secondary wood manufacturing businesses. The center shall provide training to students who are eighteen (18) years of age or older and who have not received a high school diploma or its equivalent, but a student shall be required to enroll in a general equivalency diploma program or remedial education program if the student has demonstrated a lack of basic literacy and mathematical skills. The program and curriculum shall be a part of the integrated program and curriculum developed in accordance with KRS 154.47-055. The curriculum and seminars shall include, but not be limited to, contemporary course areas that center upon: product design and engineering, market development, manufacturing systems and best manufacturing practices, telecommunications, quality controls, technology interface, computer assisted design and manufacturing, worker safety, environmental laws and regulations, and new or emerging technology and manufacturing systems.~~
- ~~(c) The corporation, utilizing facilities of the Quicksand Wood Utilization Center, shall provide to secondary wood products businesses technical advice and assistance upon matters relating to contemporary or emerging wood industry technology, product design and engineering, manufacturing systems and best manufacturing practices, and technology transfer. The center shall be responsible for monitoring the various activities of private sector firms that are involved in the development and manufacture of nonwood industry technology and manufacturing systems, and shall determine if this technology and manufacturing systems may be applied effectively to the secondary wood industry. Where the effective application of nonwood industry technology is found, the center shall provide advice and assistance to secondary wood industry businesses on effective technology transfer.~~
- ~~(2) The contract shall provide for the University of Kentucky to continue its existing programs, including forestry, at the center and shall require the College of Agriculture to continue its existing funding for the center.~~
- ~~(3) The contract shall provide for the utilization of the center by participants and providers in the integrated workforce training program as specified in the training program and curriculum developed in accordance with KRS 154.47-055.]~~
- ~~(2){(4)} The Quicksand Wood Utilization Center shall serve as a model for the development of additional hubs in other parts of the state.~~
- ~~(3){(5)} The *cabinet*{*corporation*}, utilizing facilities of the Quicksand Wood Utilization Center, may conduct demonstration projects at the center, and may provide assistance to rural development organizations by producing building materials, furniture, and other wood products for display and sale at area showrooms and for use by rural development organizations in carrying out approved demonstration projects.~~

➔Section 8. KRS 154.47-065 is amended to read as follows:

- (1) The *cabinet*{~~Kentucky Wood Products Competitiveness Corporation~~}, in cooperation with the Kentucky Division of Forestry ~~and the Cabinet for Economic Development~~, *may*{~~shall~~} establish objective benchmarks to measure the performance of Kentucky's forest industries and secondary wood products manufacturers. Criteria used in establishing the benchmarks *may*{~~shall~~} include~~;~~ but *are* not {~~be~~} limited to:
- (a) Use of the statistical information commonly provided by governmental agencies, or specific data gathered by authorization of the *cabinet*{~~board of the Kentucky Wood Products Competitiveness Corporation~~};
 - (b) Comparison of regions and areas within the Commonwealth;
 - (c) Comparison of Kentucky to other states; and
 - (d) Inclusion of measures of income, earnings, and employment.
- (2) The {~~Kentucky Wood Products Competitiveness Corporation, in cooperation with the~~} Division of Forestry, *with assistance from*{~~and~~} the Cabinet for Economic Development, *may*{~~shall~~} monitor changes in patterns of wood utilization. Information used in determining changes in wood utilization may include: time-series data on the amount of raw timber shipped out of the state in relation to the amount of timber harvested in the state; time-series data on the number of persons employed in the primary and secondary wood products sectors; and

time-series data on value-added measures of Kentucky's forest products. This information ~~may~~**shall** be collected and maintained and ~~may~~**shall** be used to monitor the development of the state's secondary wood industry.

➔Section 9. KRS 154.47-075 is amended to read as follows:

- (1) The Kentucky Division of Forestry shall develop and implement a program to provide training and assistance to private woodland owners in best management practices of forest development and sustainability. The training and assistance program shall provide advice and assistance in matters relating to productivity, management priorities, stewardship, planning, timber quality, forest improvement, and proper ecological management.
- (2) ~~The Board, in cooperation with the Kentucky Division of Forestry, the Labor Cabinet,~~ **the Division of Forestry**, and representatives from the University of Kentucky, Eastern Kentucky University, and Morehead State University, shall develop and implement a program to provide training and assistance in the area of worker safety for both the primary and secondary wood industry.

➔Section 10. The following KRS sections are repealed:

- 42.4586 Transfers from local government economic development fund to secondary wood products development fund.
- 154.47-015 Kentucky Wood Products Competitiveness Corporation -- Governing board.
- 154.47-020 Meetings of board -- Compensation -- Officers.
- 154.47-025 Functions, duties, and responsibilities of board -- Authority for administrative regulations.
- 154.47-030 Board's authority to contract.
- 154.47-035 Biennial status reports -- Recommendation to General Assembly on hubs.
- 154.47-045 Procedures for state agencies with respect to capital construction or renovation projects involving secondary wood products -- Corporation's role in bid solicitations.
- 154.47-070 Secondary wood products development fund.

➔Section 11. The Kentucky Wood Products Competitiveness Corporation is hereby abolished. Any records, documents, assets, and outstanding liabilities shall be transferred to the Cabinet for Economic Development.

Signed by Governor March 21, 2013.