

## CHAPTER 89

## ( HB 296 )

AN ACT relating to reorganization.

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

➔Section 1. 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 *thirteen (13)*~~thirty (30)~~ members:
  - (a) *Two (2) members representing each congressional district*~~The Governor, or the Governor's designee~~;and
  - (b) *One (1) at-large member*~~The secretaries of the following cabinets, or their designees:~~
    1. ~~Economic Development;~~
    2. ~~Energy and Environment;~~
    3. ~~Finance and Administration; 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 Farm Bureau Federation; and~~
  17. ~~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) ~~All~~~~The terms of all~~ members *shall be* appointed by the Governor ~~shall be~~ for *a term of* four (4) years, except that the original appointments shall be staggered so that *three (3)*~~seven (7)~~ appointments shall expire at *one (1) year*~~two (2) years~~, *three (3)*~~seven (7)~~ appointments shall expire at *two (2)*~~three (3)~~ years, and *three (3)*~~seven (7)~~ appointments shall expire at *three (3)*~~four (4)~~ years, *and four (4) 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 *membership*~~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 for ~~Existing~~ Business Development shall be the administrative head and chief executive officer of the commission. The secretary of the Cabinet for Economic Development 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 *administratively attached to the Office of Entrepreneurship within*~~an independent agency attached to~~ the Department for ~~Existing~~ Business Development.

➔Section 2. 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 and Public Safety Cabinet:
  - (a) Department of Kentucky State Police.
  - (b) Department of Criminal Justice Training.
  - (c) Department of Corrections.
  - (d) Department of Juvenile Justice.
  - (e) Office of the Secretary.
  - (f) Office of Drug Control Policy.
  - (g) Office of Legal Services.
  - (h) Office of the Kentucky State Medical Examiner.
  - (i) Parole Board.
  - (j) Kentucky State Corrections Commission.
  - (k) Office of Legislative and Intergovernmental Services.
  - (l) Office of Management and Administrative Services.
  - (m) Department for Public Advocacy.
2. Education and Workforce Development Cabinet:
  - (a) Office of the Secretary.
    1. Governor's Scholars Program.
  - (b) Office of Legal and Legislative Services.
    1. Client Assistance Program.

- (c) Office of Communication.
  - (d) Office of Budget and Administration.
    - 1. Division of Human Resources.
    - 2. Division of Administrative Services.
    - 3. Division of Technology Services.
  - (e) Office of Educational Programs.
  - (f) Office for Education and Workforce Statistics.
  - (g) Board of the Kentucky Center for Education and Workforce Statistics.
  - (h) Board of Directors for the Center for School Safety.
  - (i) Department of Education.
    - 1. Kentucky Board of Education.
    - 2. Kentucky Technical Education Personnel Board.
  - (j) Department for Libraries and Archives.
  - (k) Department of Workforce Investment.
    - 1. Office for the Blind.
    - 2. Office of Vocational Rehabilitation.
    - 3. Office of Employment and Training.
  - (l) Foundation for Workforce Development.
  - (m) Kentucky Office for the Blind State Rehabilitation Council.
  - (n) Kentucky Workforce Investment Board.
  - (o) Statewide Council for Vocational Rehabilitation.
  - (p) Statewide Independent Living Council.
  - (q) Unemployment Insurance Commission.
  - (r) Education Professional Standards Board.
    - 1. Division of Educator Preparation.
    - 2. Division of Certification.
    - 3. Division of Professional Learning and Assessment.
    - 4. Division of Legal Services.
  - (s) Kentucky Commission on the Deaf and Hard of Hearing.
  - (t) Kentucky Educational Television.
  - (u) Kentucky Environmental Education Council.
3. Energy and Environment Cabinet:
- (a) Office of the Secretary.
    - 1. Office of Legislative and Intergovernmental Affairs.
    - 2. Office of General Counsel.
      - a. Environmental Protection Legal Division.
    - 3. Office of Administrative Hearings.
    - 4. Mine Safety Review Commission.
    - 5. Kentucky State Nature Preserves Commission.

6. Kentucky Environmental Quality Commission.
7. Kentucky Public Service Commission.
- (b) Department for Environmental Protection.
  1. Office of the Commissioner.
  2. Division for Air Quality.
  3. Division of Water.
  4. Division of Environmental Program Support.
  5. Division of Waste Management.
  6. Division of Enforcement.
  7. Division of Compliance Assistance.
- (c) Department for Natural Resources.
  1. Office of the Commissioner.
  2. Division of Technical and Administrative Support.
  3. Division of Mine Permits.
  4. Division of Mine Reclamation and Enforcement.
  5. Division of Abandoned Mine Lands.
  6. Division of Oil and Gas.
  7. Office of Mine Safety and Licensing.
  8. Division of Forestry.
  9. Division of Conservation.
  10. Office of the Reclamation Guaranty Fund.
- (d) Department for Energy Development and Independence.
  1. Division of Efficiency and Conservation.
  2. Division of Renewable Energy.
  3. Division of Biofuels.
  4. Division of Energy Generation Transmission and Distribution.
  5. Division of Carbon Management.
  6. Division of Fossil Energy Development.
4. Public Protection Cabinet.
  - (a) Office of the Secretary.
    1. Office of Communications and Public Outreach.
    2. Office of Legal Services.
      - a. Insurance Legal Division.
      - b. Charitable Gaming Legal Division.
      - c. Alcoholic Beverage Control Legal Division.
      - d. Housing, Buildings and Construction Legal Division.
      - e. Financial Institutions Legal Division.
  - (b) Crime Victims Compensation Board.

- (c) Board of Claims.
  - (d) Kentucky Board of Tax Appeals.
  - (e) Kentucky Boxing and Wrestling Authority.
  - (f) Kentucky Horse Racing Commission.
    - 1. Division of Licensing.
    - 2. Division of Incentives and Development.
    - 3. Division of Veterinary Services.
    - 4. Division of Security and Enforcement.
  - (g) Department of Alcoholic Beverage Control.
    - 1. Division of Distilled Spirits.
    - 2. Division of Malt Beverages.
    - 3. Division of Enforcement.
  - (h) Department of Charitable Gaming.
    - 1. Division of Licensing and Compliance.
    - 2. Division of Enforcement.
  - (i) Department of Financial Institutions.
    - 1. Division of Depository Institutions.
    - 2. Division of Non-Depository Institutions.
    - 3. Division of Securities.
  - (j) Department of Housing, Buildings and Construction.
    - 1. Division of Fire Prevention.
    - 2. Division of Plumbing.
    - 3. Division of Heating, Ventilation, and Air Conditioning.
    - 4. Division of Building Code Enforcement.
  - (k) Department of Insurance.
    - 1. Property and Casualty Division.
    - 2. Health and Life Division.
    - 3. Division of Financial Standards and Examination.
    - 4. Division of Agent Licensing.
    - 5. Division of Insurance Fraud Investigation.
    - 6. Consumer Protection Division.
    - 7. Division of Kentucky Access.
  - (l) Office of Occupations and Professions.
5. Labor Cabinet.
- (a) Office of the Secretary.
    - 1. Division of Management Services.
    - 2. Office of General Counsel.
  - (b) Office of General Administration and Program Support for Shared Services.
    - 1. Division of Human Resource Management.

2. Division of Fiscal Management.
  3. Division of Budgets.
  4. Division of Information Services.
  - (c) Office of Inspector General for Shared Services.
  - (d) Department of Workplace Standards.
    1. Division of Employment Standards, Apprenticeship, and Mediation.
    2. Division of Occupational Safety and Health Compliance.
    3. Division of Occupational Safety and Health Education and Training.
    4. Division of Workers' Compensation Funds.
  - (e) Department of Workers' Claims.
    1. Office of General Counsel for Workers' Claims.
    2. Office of Administrative Law Judges.
    3. Division of Claims Processing.
    4. Division of Security and Compliance.
    5. Division of Information and Research.
    6. Division of Ombudsman and Workers' Compensation Specialist Services.
    7. Workers' Compensation Board.
    8. Workers' Compensation Advisory Council.
    9. Workers' Compensation Nominating Commission.
  - (f) Workers' Compensation Funding Commission.
  - (g) Kentucky Labor-Management Advisory Council.
  - (h) Occupational Safety and Health Standards Board.
  - (i) Prevailing Wage Review Board.
  - (j) Apprenticeship and Training Council.
  - (k) State Labor Relations Board.
  - (l) Employers' Mutual Insurance Authority.
  - (m) Kentucky Occupational Safety and Health Review Commission.
6. Transportation Cabinet:
- (a) Department of Highways.
    1. Office of Project Development.
    2. Office of Project Delivery and Preservation.
    3. Office of Highway Safety.
    4. Highway District Offices One through Twelve.
  - (b) Department of Vehicle Regulation.
  - (c) Department of Aviation.
  - (d) Department of Rural and Municipal Aid.
    1. Office of Local Programs.
    2. Office of Rural and Secondary Roads.

- (e) Office of the Secretary.
    - 1. Office of Public Affairs.
    - 2. Office for Civil Rights and Small Business Development.
    - 3. Office of Budget and Fiscal Management.
    - 4. Office of Inspector General.
  - (f) Office of Support Services.
  - (g) Office of Transportation Delivery.
  - (h) Office of Audits.
  - (i) Office of Human Resource Management.
  - (j) Office of Information Technology.
  - (k) Office of Legal Services.
7. Cabinet for Economic Development:
- (a) Office of *the Secretary* ~~[Administration and Support].~~
    - (1) *Office of Legal Services.*
    - (2) ~~[(b)]~~ Department for ~~[New]~~ Business Development.
      - a. *Office of Entrepreneurship.*
        - i. *Commission on Small Business Advocacy.*
      - b. *Office of Research and Public Affairs.*
      - c. *Bluegrass State Skills Corporation.*
    - (3) *Office of Financial Services.*
      - a. *Kentucky Economic Development Finance Authority.*
      - b. *Division of Finance and Personnel.*
      - c. *Division of Network Administration.*
      - d. *Compliance Division.*
      - e. *Incentive Assistance Division.*
- ~~[(c) — Department of Financial Incentives.~~
- ~~[(d) — Department for Existing Business Development.~~
- ~~[(e) — Tobacco Research Board.~~
- ~~[(f) — Kentucky Economic Development Finance Authority.~~
- ~~[(g) — Office of Research and Information Technology.~~
- ~~[(h) — Department of Commercialization and Innovation.~~
- ~~[(i) — Office of Legal Services.~~
- ~~[(j) — Commission on Small Business Advocacy.]~~
8. Cabinet for Health and Family Services:
- (a) Office of the Secretary.
  - (b) Office of Health Policy.
  - (c) Office of Legal Services.
  - (d) Office of Inspector General.
  - (e) Office of Communications and Administrative Review.

- (f) Office of the Ombudsman.
  - (g) Office of Policy and Budget.
  - (h) Office of Human Resource Management.
  - (i) Office of Administrative and Technology Services.
  - (j) Department for Public Health.
  - (k) Department for Medicaid Services.
  - (l) Department for Behavioral Health, Developmental and Intellectual Disabilities.
  - (m) Department for Aging and Independent Living.
  - (n) Department for Community Based Services.
  - (o) Department for Income Support.
  - (p) Department for Family Resource Centers and Volunteer Services.
  - (q) Kentucky Commission on Community Volunteerism and Service.
  - (r) Kentucky Commission for Children with Special Health Care Needs.
  - (s) Governor's Office of Electronic Health Information.
9. Finance and Administration Cabinet:
- (a) Office of General Counsel.
  - (b) Office of the Controller.
  - (c) Office of Administrative Services.
  - (d) Office of Public Information.
  - (e) Office of Policy and Audit.
  - (f) Department for Facilities and Support Services.
  - (g) Department of Revenue.
  - (h) Commonwealth Office of Technology.
  - (i) State Property and Buildings Commission.
  - (j) Office of Equal Employment Opportunity and Contract Compliance.
  - (k) Kentucky Employees Retirement Systems.
  - (l) Commonwealth Credit Union.
  - (m) State Investment Commission.
  - (n) Kentucky Housing Corporation.
  - (o) Kentucky Local Correctional Facilities Construction Authority.
  - (p) Kentucky Turnpike Authority.
  - (q) Historic Properties Advisory Commission.
  - (r) Kentucky Tobacco Settlement Trust Corporation.
  - (s) Kentucky Higher Education Assistance Authority.
  - (t) Kentucky River Authority.
  - (u) Kentucky Teachers' Retirement System Board of Trustees.
  - (v) Executive Branch Ethics Commission.
10. Tourism, Arts and Heritage Cabinet:

- (a) Kentucky Department of Travel and Tourism.
  - (1) Division of Tourism Services.
  - (2) Division of Marketing and Administration.
  - (3) Division of Communications and Promotions.
- (b) Kentucky Department of Parks.
  - (1) Division of Information Technology.
  - (2) Division of Human Resources.
  - (3) Division of Financial Operations.
  - (4) Division of Facilities Management.
  - (5) Division of Facilities Maintenance.
  - (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 Resort Parks.
  - (12) Division of Recreational Parks and Historic Sites.
- (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.
  - (1) Division of Support Services.
  - (2) Division of Buildings and Grounds.
  - (3) Division of Operational Services.
- (e) Kentucky State Fair Board.
  - (1) Office of Administrative and Information Technology Services.
  - (2) Office of Human Resources and Access Control.
  - (3) Division of Expositions.
  - (4) Division of Kentucky Exposition Center Operations.
  - (5) Division of Kentucky International Convention Center.
  - (6) Division of Public Relations and Media.
  - (7) Division of Venue Services.
  - (8) Division of Personnel Management and Staff Development.
  - (9) Division of Sales.

- (10) Division of Security and Traffic Control.
  - (11) Division of Information Technology.
  - (12) Division of the Louisville Arena.
  - (13) Division of Fiscal and Contract Management.
  - (14) Division of Access Control.
  - (f) Office of the Secretary.
    - (1) Office of Finance.
    - (2) Office of Research and Administration.
    - (3) Office of Governmental Relations and Tourism Development.
    - (4) Office of the Sports Authority.
    - (5) Kentucky Sports Authority.
  - (g) Office of Legal Affairs.
  - (h) Office of Human Resources.
  - (i) Office of Public Affairs and Constituent Services.
  - (j) Office of Creative Services.
  - (k) Office of Capital Plaza Operations.
  - (l) Office of Arts and Cultural Heritage.
  - (m) Kentucky African-American Heritage Commission.
  - (n) Kentucky Foundation for the Arts.
  - (o) Kentucky Humanities Council.
  - (p) Kentucky Heritage Council.
  - (q) Kentucky Arts Council.
  - (r) 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.
  - (s) Kentucky Center for the Arts.
    - (1) Division of Governor's School for the Arts.
  - (t) Kentucky Artisans Center at Berea.
  - (u) Northern Kentucky Convention Center.
  - (v) Eastern Kentucky Exposition Center.
11. Personnel Cabinet:
- (a) Office of the Secretary.
  - (b) Department of Human Resources Administration.
  - (c) Office of Employee Relations.
  - (d) Kentucky Public Employees Deferred Compensation Authority.
  - (e) Office of Administrative Services.

- (f) Office of Legal Services.
- (g) Governmental Services Center.
- (h) Department of Employee Insurance.
- (i) Office of Diversity and Equality.
- (j) Center of Strategic Innovation.

III. Other departments headed by appointed officers:

- 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. Department of Veterans' Affairs.
- 7. Kentucky Commission on Military Affairs.
- 8. Office of Minority Empowerment.
- 9. Governor's Council on Wellness and Physical Activity.

➔Section 3. KRS 154.10-050 is amended to read as follows:

- (1) The secretary shall be the chief executive officer of the Cabinet for Economic Development and shall possess the professional qualifications appropriate for that office as determined by the board.
- (2) The board shall set the salary of the secretary, which shall be exempt from state employee salary limitations as set forth in KRS 64.640.
- (3) The secretary shall be responsible for the day-to-day operations of the cabinet and shall report and submit on an annual basis implementation plans to the board as provided in KRS 154.10-060; submit the strategic plan for economic development to the board in accordance with the provisions of KRS 154.10-120 and 154.10-125; submit program evaluation reports to the board in accordance with the provisions of KRS 154.10-140; carry out policy and program directives of the board; coordinate programs of the cabinet with all other agencies of state government having economic development responsibilities; hire all other personnel of the cabinet consistent with state law; and carry out all other duties and responsibilities assigned by state law.
- (4) The secretary shall prepare and submit the proposed budget of the cabinet to the chairman who shall present it to the board for final approval. Upon approval, the board shall submit the proposed budget to the Governor's Office for Policy and Management.
- (5) The secretary shall be reimbursed for all actual and necessary expenses incurred in the performance of all assigned duties and responsibilities.
- (6) The secretary shall, ~~in carrying out the duties and responsibilities of the office and in administering the programs in KRS 154.12-216 to 154.12-278,~~ give highest priority consideration in marketing, targeting, and recruiting new businesses, in expanding existing businesses, and in recommending state economic development loans, grants, and incentive programs administered by the authority, to Kentucky counties 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 within the Education and Workforce Development Cabinet.

➔Section 4. KRS 154.12-223 is amended to read as follows:

- (1) There is created within the Cabinet for Economic Development the Department for ~~Existing~~ Business Development, which shall be headed by a commissioner appointed by the Governor ~~pursuant to KRS 12.040~~. The department shall work with each Kentucky county in:
  - (a) Assisting community-based economic development agencies in creating and implementing their respective work plans;

- (b) Developing cooperative interaction with existing industries and small and minority businesses and assisting export development; ~~and~~
  - (c) Providing sufficient technical resources to create and maintain a database to facilitate sales transactions between Kentucky businesses;
  - (d) *Assisting minority businesses with federal, state, and local government agencies, regulations, and procurement programs; and*
  - (e) *Introducing entrepreneurs to individual investors and to investment capital firms interested in start-up and early-state financing.*
- (2) The Department for ~~Existing~~ Business Development shall include the following divisions, each of which shall be headed by *an executive* ~~fa~~ director appointed by the secretary pursuant to KRS 12.050:
- (a) The *Office of Entrepreneurship* ~~Division of Small Business Services, which~~ shall be responsible for *various forms of small business assistance* ~~procurement assistance, business information clearinghouse services, and business and technology functions of the cabinet~~, including, without being limited to:
    - 1. Providing comprehensive information on all state business licenses and requirements; ~~and~~
    - 2. Assisting businesses in the identification of government procurement opportunities;
    - 3. *Administering the innovation assistance set forth in Section 6 of this Act; and*
    - 4. *Collecting, summarizing, and disseminating information helpful to small businesses, including information on:*
      - (a) *Market research;*
      - (b) *Federal, state, and local minority business programs; and*
      - (c) *The availability of managerial assistance.*

~~The Commission on Small Business Advocacy, established in Section 1 of this Act, shall advise the office on small business needs~~ ~~Small and Minority Business Branch within the Division of Small Business Services, shall be responsible for the cabinet's functions relating to small and minority business enterprise, as provided in KRS 154.12 215. The Small Business Advisory Council established by KRS 154.12 218 shall advise the branch~~;

- (b) The *Office of Research and Public Affairs, which shall administer the following:*
  - 1. *Research activities related to strategic planning, business site selection, and existing industry;*
  - 2. *Program analysis;*
  - 3. *Competitive analysis;*
  - 4. *Communications and marketing services; and*
  - 5. *Event planning.*

*The office shall include the Division of Database and Systems Development which shall be headed by a director appointed by the secretary pursuant to KRS 12.050*

~~Western Kentucky Economic Development Division;~~

- ~~(e) The Eastern Kentucky Economic Development Division;~~
- ~~(d) The Central Kentucky Economic Development Division; and~~
- ~~(e) The International Trade Division, which shall promote the development of international markets for Kentucky goods, products, and services for the purpose of identifying and analyzing national and international market developments and opportunities, and gathering and disseminating vital information to Kentucky manufacturers, service providers, and other industries regarding international trade opportunities; and which shall direct export trade offices that the cabinet may establish in foreign locations.~~

- (3) The following programs ~~and commission~~ shall be attached to the Department for ~~Existing~~ Business Development:
- (a) The Kentucky port and river development program created by KRS 65.510 to 65.530, KRS 139.483, and KRS 154.80-100 to 154.80-130;
  - (b) The Waterway Marina Development Program established by KRS 154.80-310; and
  - (c) The *Bluegrass State Skills Corporation established by KRS 154.12-205*~~Kentucky Investment Capital Network established by KRS 154.12-2333~~.

➔Section 5. KRS 154.12-224 is amended to read as follows:

- (1) There is created in the Cabinet for Economic Development the *Office of Financial Services*~~Department of Financial Incentives~~. The *office*~~department~~ shall be headed by an *executive director*~~a commissioner~~ appointed by the *secretary*~~Governor~~ pursuant to *Section 3 of this Act*~~KRS 12.040~~. The *office*~~department~~ shall coordinate *administration and monitoring of* all financial assistance, tax credit, and related programs available for business and industry *and shall provide all budgeting, accounting, personnel services, and information technology necessary for proper administration of the cabinet and cabinet programs*.
- (2) The *office*~~department~~ shall include the following divisions, each of which shall be headed by a director appointed by the secretary pursuant to KRS 12.050:
  - (a) The *Division of Finance and Personnel, which shall provide financial, personnel, facility, and contract administration services*~~Grant Programs Division, which shall supervise and manage the Economic Development Bond Program, as set forth in KRS 154.12-100, and the Local Government Economic Development Program, as set forth in KRS 42.4588~~;
  - (b) The *Compliance Division, which shall monitor incentives and collect and maintain data on incentives after they are awarded*~~Direct Loan Programs Division, which shall supervise and manage the Direct Loan Program of the Kentucky Economic Development Finance Authority, as set forth in 307 KAR 1:020, and the Small Business Loans Branch~~;
  - (c) The ~~Tax~~*Incentive Assistance*~~Programs~~ Division, which shall *coordinate necessary documentation and assist the Department for Business Development in preparing recommendations and finalizing documents for presentation to the authority or other body for consideration and approval*~~supervise and manage the Kentucky Industrial Development Act Program, as set forth in KRS 154.28-010 et seq., the Kentucky Jobs Development Act Program, as set forth in KRS 154.24-010 et seq., the Kentucky Industrial Revitalization Act Program, as set forth in KRS 154.26-010 et seq., the Kentucky Rural Economic Development Act Program, as set forth in KRS 154.22-010 et seq., and the Kentucky Enterprise Initiative Program, as set forth in KRS 154.20-200 to 154.20-216~~; and
  - (d) The *Division of Network Administration*~~Program Servicing Division~~, which shall *coordinate internal information technology needs*~~perform auditing, monitoring, and compliance functions for the Grant Programs Division, the Direct Loan Programs Division, and the Tax Incentive Programs Division within the Department of Financial Incentives~~.
- (3) The *office*~~department~~ shall also include the *Kentucky Economic Development Finance Authority*~~following entities~~:
  - ~~(a) The Kentucky investment fund, established by KRS 154.20-250 to 154.20-284, which shall be attached to the department for administrative purposes and staff support; and~~
  - ~~(b) The Bluegrass State Skills Corporation, established by KRS 154.12-204 to 154.12-208, which shall be attached to the department.~~

➔Section 6. KRS 154.12-278 is amended to read as follows:

- (1) As used in this section, "cluster" and "knowledge-based" shall have the same meaning as in KRS 164.6011.
- (2) *The Office of Entrepreneurship shall*~~There is established the Department of Commercialization and Innovation in the Cabinet for Economic Development. The department shall be headed by a commissioner appointed by the Governor under KRS 12.040.~~
- ~~(3) The duties of the Department of Commercialization and Innovation shall include but not be limited to:~~
  - (a) Implement the Kentucky Innovation and Commercialization Center Program as set forth in KRS 154.12-300 to 154.12-310;

- (b) ~~Monitor the return on investments and effectiveness of the Kentucky Innovation Act initiatives as set forth in the Strategic Plan for the New Economy as approved by the Kentucky Innovation Commission, January 7, 2002, or as revised, and report annually prior to November 1 to the Kentucky Innovation Commission, the Governor, and the General Assembly;~~
- (e) ~~Oversee the modernization initiative in KRS 154.12-274;~~
- (c) ~~(d)~~ Assist the cabinet in the recruitment of research and development companies;
- (d) ~~(e)~~ Assist the cabinet in the attraction of high-technology research and development centers;
- (e) ~~(f)~~ Support growth and creation of knowledge-based, innovative companies;
- (f) ~~(g)~~ Build the infrastructure for *innovative* ~~the new economy~~ businesses and promote networks of technology-driven clusters and research intensive industries;
- (g) ~~(h)~~ Administer the high-tech construction pool and the high-tech investment pool;
- (h) ~~(i)~~ Recommend projects to the Kentucky Economic Development Finance Authority for funding through the high-tech construction pool and high-tech investment pool; and
- (i) ~~(j)~~ Review and approve the annual plan which details the annual allocation of funds from the Science and Technology Funding Program, prior to the Council on Postsecondary Education executing a contract with the science and technology organization to administer science and technology funding programs. As used in this paragraph, the Science and Technology Funding Program means the Kentucky Enterprise Fund Program, the Rural Innovation Program, the Kentucky Commercialization Program, The Regional Technology Corporations/Innovation and Commercialization Center Satellites, and the Experimental Program to Stimulate Competitive Research/Kentucky Science and Engineering Foundation.
- (3) ~~(4)~~ The high-tech construction pool shall be used for projects with a special emphasis on the creation of high-technology jobs and knowledge-based companies. The *executive director* ~~commissioner~~, in administering the high-tech construction pool, shall recommend distribution of funds and projects to the Kentucky Economic Development Finance Authority for its approval. The *executive director* ~~commissioner~~ shall recommend any designated amount of pool funds to be set aside for any match requirements. Any funds used for matching purposes may include public and private funds.
- (4) ~~(5)~~ The high-tech investment pool shall be used to build and promote technology-driven industries and research-intensive industries, as well as their related suppliers, with the goal of creating clusters of innovation-driven industries in Kentucky. The *executive director* ~~commissioner~~, in administering the high-tech investment pool, shall be authorized to recommend funds to be used to support loans and grants, or to secure an equity or related position.
- (5) ~~(6)~~ The Kentucky Economic Development Finance Authority shall assure in their approval of funding of projects that the highest priority is given to knowledge-based companies in fulfillment of the purposes and intentions of the purposes of this section.
- ➔ Section 7. KRS 154.12-240 is amended to read as follows:
- (1) The Regulatory Expediting Center is established within the cabinet to assist industries and businesses proposing to locate or expand existing operations in Kentucky with applications for permits, licenses, certificates, registration, and any other form of authorization or permit required by a state, federal, or local agency to engage in a particular business activity or act.
  - (2) The center shall train and deploy persons with knowledge and skills essential to expediting a request for assistance by a prospective or expanding business or industry with applications for permits, licenses, certificates, registration, and any other form of authorization required by a state, federal, or local governmental agency to engage in a particular business activity or act.
  - (3) Assistance given by the center regarding federal and local regulations and requirements necessary to engage in the proposed business activity or act shall be limited to providing the business or industrial entity with copies of application forms and other written information provided by the appropriate federal and local agencies. ~~[The Business Information Clearinghouse as prescribed in KRS 154.12-216 shall develop and maintain a current list of licensing, permitting, certification, registration, and other authorization requirements applicable to business or industrial development and expansions.]~~

- (4) Priority shall be given to business or industrial development or expansion proposals by businesses or industrial entities participating in an approved business network.

➔Section 8. KRS 11.065 is amended to read as follows:

- (1) The secretaries of the Justice and Public Safety Cabinet, the Education and Workforce Development Cabinet, the Public Protection Cabinet, the Transportation Cabinet, the Cabinet for Economic Development, the Cabinet for Health and Family Services, the Finance and Administration Cabinet, the Energy and Environment Cabinet, the Labor Cabinet, the Tourism, Arts and Heritage Cabinet, the Personnel Cabinet, the Governor's Executive Cabinet, *the chief information officer*, 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 9. KRS 42.722 is amended to read as follows:

As used in KRS 42.720 to 42.742, unless the context requires otherwise:

- (1) "Communications" or "telecommunications" means any transmission, emission, or reception of signs, signals, writings, images, and sounds of intelligence of any nature by wire, radio, optical, or other electromagnetic systems, and includes all facilities and equipment performing these functions;
- (2) "Geographic information system" or "GIS" means a computerized database management system for the capture, storage, retrieval, analysis, and display of spatial or locationally defined data;
- (3) "Information resources" means the procedures, equipment, and software that are designed, built, operated, and maintained to collect, record, process, store, retrieve, display, and transmit information, and associated personnel;
- (4) "Information technology" means data processing and telecommunications hardware, software, services, supplies, facilities, maintenance, and training that are used to support information processing and telecommunications systems to include geographic information systems;~~and~~
- (5) "Project" means a program to provide information technologies support to functions within an executive branch state agency, which should be characterized by well-defined parameters, specific objectives, common benefits, planned activities, expected outcomes and completion dates, and an established budget with a specified source of funding; *and*
- (6) *"Technology infrastructure" means any computing equipment, servers, networks, storage, desktop support, telephony, enterprise shared systems, information technology security, disaster recovery, business continuity, database administration, and software licensing.*

➔Section 10. KRS 42.724 is amended to read as follows:

- (1) There is hereby created within the Finance and Administration Cabinet an agency of state government known as the Commonwealth Office of Technology.
- (2) The Commonwealth Office of Technology shall be headed by an executive director, *also known as the chief information officer*, appointed by the secretary of the Finance and Administration Cabinet. Duties and functions of the executive director shall include *servicing on the Governor's Executive Cabinet* and those established in KRS 42.730.
- (3) The Commonwealth Office of Technology shall consist of the following *five (5)*~~four (4)~~ offices, each headed by an executive director and organized into divisions headed by a division director:
- (a) Office of Enterprise Technology, *consisting of the:*

1. ~~[which shall contain the]~~ Division of IT Governance; **and**
  2. **Division of Enterprise Architecture;**
- (b) Office of Infrastructure Services, consisting of the:
1. Division of Technical Services;
  2. Division of Communications;
  3. Division of IT Operations; **and**
  4. Division of Field Services; ~~and~~
  5. ~~Division of Printing Services, which shall be responsible for the printing and duplicating needs of state agencies as designated by the Finance and Administration Cabinet;~~
- (c) Office of Application Development, consisting of the:
1. Division of **Revenue Application Development** ~~[Financial Information Technology];~~
  2. Division of Agency **Application Development** ~~[Information Technology];~~
  3. Division of **Development** Support Services; ~~and~~
  4. Division of Geographic Information Systems; and
  5. **Division of Data Management Services;**
- (d) Office of Chief Information Security Officer. The office shall ensure the efficiency and effectiveness of information technology security functions and responsibilities; **and**
- (e) **Office of Information Technology Service Management.**
- (4) Executive directors and division directors appointed under this section shall be appointed by the secretary with the approval of the Governor.
- ➔Section 11. KRS 42.726 is amended to read as follows:
- (1) The roles and duties of the Commonwealth Office of Technology shall include but not be limited to:
- (a) Providing technical support and services to all executive agencies of state government in the application of information technology;
  - (b) Assuring compatibility and connectivity of Kentucky's information systems;
  - (c) Developing strategies and policies to support and promote the effective applications of information technology within state government as a means of saving money, increasing employee productivity, and improving state services to the public, including electronic public access to information of the Commonwealth;
  - (d) Developing, implementing, and managing strategic information technology directions, standards, and enterprise architecture, including implementing necessary management processes to assure full compliance with those directions, standards, and architecture. This specifically includes but is not limited to directions, standards, and architecture related to the privacy and confidentiality of data collected and stored by state agencies;
  - (e) Promoting effective and efficient design and operation of all major information resources management processes for executive branch agencies, including improvements to work processes;
  - (f) Developing, implementing, and maintaining the technology infrastructure of the Commonwealth **and all related support staff, planning, administration, asset management, and procurement for all executive branch cabinets and agencies except:**
    1. **Agencies led by a statewide elected official;**
    2. **The nine (9) public institutions of postsecondary education;**
    3. **The Department of Education's services provided to local school districts;**
    4. **The Kentucky Retirement Systems and the Teachers' Retirement System;**

5. *The Kentucky Housing Corporation;*
  6. *The Kentucky Lottery Corporation;*
  7. *The Kentucky Higher Education Student Loan Corporation; and*
  8. *The Kentucky Higher Education Assistance Authority;*
- (g) Facilitating and fostering applied research in emerging technologies that offer the Commonwealth innovative business solutions;
  - (h) Reviewing and overseeing large or complex information technology projects and systems for compliance with statewide strategies, policies, and standards, including alignment with the Commonwealth's business goals, investment, and other risk management policies. The executive director is authorized to grant or withhold approval to initiate these projects;
  - (i) Integrating information technology resources to provide effective and supportable information technology applications in the Commonwealth;
  - (j) Establishing a central statewide geographic information clearinghouse to maintain map inventories, information on current and planned geographic information systems applications, information on grants available for the acquisition or enhancement of geographic information resources, and a directory of geographic information resources available within the state or from the federal government;
  - (k) Coordinating multiagency information technology projects, including overseeing the development and maintenance of statewide base maps and geographic information systems;
  - (l) Providing access to both consulting and technical assistance, and education and training, on the application and use of information technologies to state and local agencies;
  - (m) In cooperation with other agencies, evaluating, participating in pilot studies, and making recommendations on information technology hardware and software;
  - (n) Providing staff support and technical assistance to the Geographic Information Advisory Council and the Kentucky Information Technology Advisory Council;
  - (o) Overseeing the development of a statewide geographic information plan with input from the Geographic Information Advisory Council; and
  - (p) Preparing proposed legislation and funding proposals for the General Assembly that will further solidify coordination and expedite implementation of information technology systems.
- (2) The Commonwealth Office of Technology may:
- (a) Provide general consulting services, technical training, and support for generic software applications, upon request from a local government, if the executive director finds that the requested services can be rendered within the established terms of the federally approved cost allocation plan;
  - (b) Promulgate administrative regulations in accordance with KRS Chapter 13A necessary for the implementation of KRS 42.720 to 42.742, 45.253, 171.420, 186A.040, 186A.285, and 194A.146;
  - (c) Solicit, receive, and consider proposals from any state agency, federal agency, local government, university, nonprofit organization, private person, or corporation;
  - (d) Solicit and accept money by grant, gift, donation, bequest, legislative appropriation, or other conveyance to be held, used, and applied in accordance with KRS 42.720 to 42.742, 45.253, 171.420, 186A.040, 186A.285, and 194A.146;
  - (e) Make and enter into memoranda of agreement and contracts necessary or incidental to the performance of duties and execution of its powers, including, but not limited to, agreements or contracts with the United States, other state agencies, and any governmental subdivision of the Commonwealth;
  - (f) Accept grants from the United States government and its agencies and instrumentalities, and from any source, other than any person, firm, or corporation, or any director, officer, or agent thereof that manufactures or sells information resources technology equipment, goods, or services. To these ends, the Commonwealth Office of Technology shall have the power to comply with those conditions and execute those agreements that are necessary, convenient, or desirable; and

- (g) Purchase interest in contractual services, rentals of all types, supplies, materials, equipment, and other services to be used in the research and development of beneficial applications of information resources technologies. Competitive bids may not be required for:
  - 1. New and emerging technologies as approved by the executive director or her or his designee; or
  - 2. Related professional, technical, or scientific services, but contracts shall be submitted in accordance with KRS 45A.690 to 45A.725.
- (3) Nothing in this section shall be construed to alter or diminish the provisions of KRS 171.410 to 171.740 or the authority conveyed by these statutes to the Archives and Records Commission and the Department for Libraries and Archives.

➔Section 12. The following KRS sections are repealed:

- 154.12-214 Definitions for KRS 154.12-215 to 154.12-220.
- 154.12-215 Duties of Department for Existing Business Development.
- 154.12-216 Business Information Clearinghouse Program -- Duties.
- 154.12-217 Licensing coordinators.
- 154.12-218 Small Business Advisory Council.
- 154.12-220 Administrative regulations -- Licensing authority.
- 154.12-222 Office of Administration and Support.
- 154.12-225 Department for New Business Development -- Duties.
- 154.12-2333 Kentucky Investment Capital Network.

➔Section 13. 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 14. The General Assembly hereby confirms Resolution No. 13-03 of the Kentucky Economic Development Partnership, dated June 17, 2013, to the extent that it is not otherwise confirmed or superseded by this Act.

➔Section 15. The General Assembly hereby confirms Executive Order 2013-403, dated June 14, 2013, to the extent it is not otherwise confirmed or superseded by this Act.

**Signed by Governor April 10, 2014.**