

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 6th Meeting of the 2022 Interim

November 2, 2022

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, November 2, 2022, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Jason Petrie, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Jason Petrie, Co-Chair; Senators Danny Carroll, Donald Douglas, Alice Forgy Kerr, Morgan McGarvey, Stephen Meredith, Michael J. Nemes, Robin L. Webb, and Stephen West; Representatives Danny Bentley, John Blanton, Randy Bridges, Myron Dossett, Ken Fleming, Kelly Flood, Chris Fugate, Al Gentry, David Hale, Mark Hart, Bobby McCool, Jason Nemes, Ruth Ann Palumbo, Melinda Gibbons Prunty, Josie Raymond, Brandon Reed, Steve Riley, Sal Santoro, James Tipton, and Lisa Willner.

Guests: John Moore, Assistant Highway Engineer, Kentucky Transportation Cabinet (KYTC) Department of Project Delivery and Preservation; Justin Harrod, Electric Vehicle Project Manager, KYTC; Mike Berry, Secretary, Tourism, Arts, and Heritage Cabinet; Mike Mangeot, Commissioner, Tourism, Arts, and Heritage Cabinet; Russ Meyers, Parks Commissioner, Tourism, Arts, and Heritage Cabinet; Jennifer Linton, Finance and Administration Cabinet; Lindy Casebier, Deputy Secretary, Kentucky Personnel Cabinet; Chris Chamness, Deputy Commissioner, Kentucky Personnel Cabinet; Sharron Burton, Commissioner, Kentucky Personnel Cabinet; Cristie Labus, Kentucky Employees' Health Plan Actuary Representative, AON; and Jeff Donohue, State Representative, House District 37.

LRC Staff: Jennifer Hays, Sarah Watts, Hunter Branham, and Lexi Bensberg.

Approval of Minutes

Upon motion and second, the minutes from the October 19, 2022, meeting were approved without objection.

Kentucky's Electric Vehicle Infrastructure Deployment Program

John Moore, Assistant Highway Engineer, KYTC Department of Project Delivery and Preservation and Justin Harrod, KYTC Electric Vehicle Project Manager provided the

committee with an update on Kentucky's Electric Vehicle Infrastructure plan. This plan would create an electric vehicle charging network that would support energy diversification and economic development in Kentucky.

Mr. Moore testified that the 2021 Infrastructure Investment and Jobs Act created the National Electric Vehicle Infrastructure (NEVI) Program, which promised funding to states with federally-approved electric vehicle infrastructure plans. Kentucky's electric vehicle infrastructure plan was approved in September 2022, and the state secured the first \$25 million in NEVI Federal Formula funding. The KYTC will not own, operate, or maintain any of the charging stations created from this plan, and the funds will be deployed in the private sector. Each charging station will cost between \$800,000 - \$1.2 million and the total cost to build out the planned alternative fuel corridors is estimated at \$40 million.

In response to a question from Representative Tipton, Mr. Moore testified that it is expected customers will pay a fee for the electricity required to fuel their electric vehicle. There is not a plan to charge out-of-state drivers of electric vehicles a user fee similar to that paid by cars fueled by gasoline.

In response to a question from Representative Gibbons Prunty, Mr. Moore testified that Tesla charging stations are not capable of fueling electric vehicles made by other companies.

In response to a question from Representative Nemes, Mr. Moore clarified that these funds are coming from the federal government.

Senator McDaniel and Chair Petrie acknowledged that an increase in drivers of electric vehicles would result in a decrease in revenue allocated to the state's road fund, they invited members of the KYTC to share solutions to this.

In response to a question from Senator Meredith, Mr. Moore testified that the KYTC has not yet considered how the locations of charging stations will be prioritized and that it will be primarily up to the industry applicants to decide where these stations will be located.

In response to a question from Chair Petrie, Mr. Moore testified that KYTC will be sending out a request for proposals from the industry by the end of 2022. Mr. Moore added that he would share the Request for Information (RFI) receipts with the committee within the week.

In response to questions from Representative Blanton, Mr. Moore testified that the state does not anticipate to own or operate any of these charging stations, so paying for maintenance would be the responsibility of the owner or operator. He added that the Public Service Commission regulates the rate consumers pay to fuel their electric vehicles, but he is unsure whether this rate will be consistent across cities. Mr. Harrod clarified that there

have been federal guidelines to ensure these consumers are not being forced to pay unreasonable prices.

In response to questions from Senator Carroll, Mr. Moore explained that KYTC has not calculated the average rate consumers would be paying to fuel their electric vehicles. He added that it roughly takes 30 minutes for the vehicles to charge, and the expectation is that a majority of the charging will be done at home.

In response to a question from Senator Douglas, Mr. Moore testified that suitability and accommodations are being considered when choosing locations for these charging stations. Senator Douglas added that he disagrees with the notion that charging an electric vehicle will only take 30 minutes.

In response to a question from Senator Webb, Mr. Harrod testified that a federal suggestion is that service stations have at least a 97 percent uptime, including during situations involving natural disasters.

In response to a question from Representative Bridges, Mr. Moore explained that Kentucky meets the requirement of having an exit every 50 miles on the states' interstates and parkways.

In response to questions from Chair Petrie, Mr. Moore explained that it is expected that phases one and two of Kentucky's electric vehicle infrastructure plan will be covered by NEVI funds. After a five year performance period it is anticipated that these charging stations would be fully private, with no involvement from the state. In the RFP from KYTC, there would be a 20 percent match from industry partners. In 2022 RS HB 1, the General Assembly budgeted \$17.3 million for the state to subsidize the 20 percent match. However, KYTC does not expect that these funds will need to be utilized. The KYTC has reached out to all of the firms that submitted responses to the RFI regarding this infrastructure plan. Though multiple stakeholders were consulted in the development of this plan, leadership in the state legislature was not.

In response to a question from Senator West, Mr. Moore testified that utility companies have assured that they have the capacity to adjust for this increased usage to prevent most service interruptions.

In response to a question from Senator Meredith, Mr. Moore testified that a charging station alone would cost approximately \$800,000 and that the stations are expected to last 5-7 years.

In response to a question from Representative McCool, Mr. Moore testified that the KYTC does not currently have a preference over which type of applicant will receive

funding. It is anticipated that recipients of the funding will be a mix of corporations and individual stations.

Federal Funds Appropriated for Tourism Recovery and Investment

Mike Berry, Secretary, Tourism, Arts, and Heritage Cabinet and Mike Mangeot, Commissioner, Tourism, Arts, and Heritage Cabinet testified that the Cabinet has been diligent and intentional in appropriating the funds distributed from the federal government.

Mr. Mangeot explained that the \$75 million in funding was split into four pools, between marketing tourism in Kentucky, tourism commissions for marketing communities, tourism commissions for attracting meetings and conventions, and tourism commissions for multi-jurisdiction collaborative destination marketing. He elaborated on the intricacies of the preparation timeline and the application process for these funding opportunities.

In response to a question from Senator Meredith, Mr. Mangeot testified that the 10 percent funding match required from applicants was written into legislation. However, no applicant has expressed concern over an inability to meet this requirement.

In response to a question from Chair Petrie, Mr. Mangeot testified that the application amounts for each pool to not exceed the designated budget. There is no written policy to determine how the money is allocated, but the Cabinet is following its usual guidelines. Mr. Mangeot promised to send a list of applicants from each pool to the committee.

Disposition of Bond Authorization for Parks

Mike Berry, Secretary, Tourism, Arts, and Heritage Cabinet; Russ Meyers, Parks Commissioner, Tourism, Arts, and Heritage Cabinet; and Jennifer Linton, Finance and Administration Cabinet testified on the allocation of the \$50 million authorized in 2019 RS HB 268. An explanation of the plans to utilize the remaining funds was also provided. Projects involving wastewater treatment, utilities and communications cabling, life safety system, and hospitality are underway.

In response to a question from Representative Tipton, Ms. Linton testified that inflation and increasing labor costs have impacted the number of bids received for the department's projects.

In response to a question from Chair Petrie, Mr. Meyers testified that the complexity of waste water and utility infrastructure projects is a key reason as to why some of the monies authorized in 2019 RS HB 168 have not been appropriated yet.

Kentucky Employees' Health Plan - AON Projections for Plan Year 2024

Lindy Casebier, Deputy Secretary, Kentucky Personnel Cabinet; Chris Chamness, Deputy Commissioner, Kentucky Personnel Cabinet; Sharron Burton, Commissioner,

Kentucky Personnel Cabinet; and Cristie Labus, Kentucky Employees' Health Plan (KEHP) Actuary Representative, AON provided explanation of how KEHP utilizes its funding and the projected cost of the plan through FY 2024.

In response to a question from Chair Petrie, Ms. Labus stated that the projected increases for 2023 and 2024 are on track. She does not believe that the projected increase for 2024 of 16.5 percent is too high. The Kentucky Personnel Cabinet reviews these projections regularly and will inform the legislature if anything changes.

Airport Noise Mitigation Tax Credit Proposal

Jeff Donohue, State Representative, House District 37 testified in favor of a tax credit for constituents living near airports to incentivize their purchasing of soundproofing materials for their houses or businesses.

In response to a question from Chair Petrie, Representative Donohue testified that the bill requests that \$3 million be available for this purpose for a five year term. This tax credit would only be available to constituents living within a radius of the airport; this radius includes portions in and around Jefferson County.

In response to a question from Representative Raymond, Representative Donohue testified that constituents moved into this area without anticipating the growth of the airport. This tax credit would act as a reinvestment in the area, because it would provide a solution to the noise nuisance and encourage constituents to remain in the area.

In response to a question from Representative Hale, Representative Donohue testified that the sound proofing material has been studied and is effective as a sound barrier.

Chair Petrie made the committee aware of the additional materials provided in their folders, including the Interim Budget Allotment Adjustments for FY 2023 and reports received by the Appropriations and Revenue Committee since the October meeting. Chair Petrie also announced that the Personnel Cabinet released a report recommending changes to the merit system and that this report would be provided to committee members.

With there being no further business, the meeting was adjourned at 2:50 p.m.