

# **INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE**

## **Minutes of the 4th Meeting of the 2025 Interim**

**September 17, 2025**

### **Call to Order and Roll Call**

The fourth meeting of the Interim Joint Committee on Appropriations and Revenue was held on September 17, 2025, 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 Gary Boswell, Shelley Funke Frommeyer, David P. Givens, Scott Madon, Amanda Mays Bledsoe, Matt Nunn, Steve Rawlings, and Craig Richardson; and Representatives Kim Banta, Tina Bojanowski, Adam Bowling, Josh Bray, Randy Bridges, George Brown Jr., Ken Fleming, Chris Freeland, Chris Fugate, Mark Hart, Matt Lockett, Shawn McPherson, Steve Riley, Pamela Stevenson, Walker Thomas, Timmy Truett, and Ken Upchurch.

Guests: Amy L. Sandlin, CPA, Senior Manager of Tax Quality, Blue & Co. LLC; Jon Tennent, CPA, Partner, Besten & Dieruf, PLLC; Kate Shanks, Senior Vice President, Public Affairs, Kentucky Chamber of Commerce; and Charles Aull, Vice President, Policy, Kentucky Chamber of Commerce.

LRC Staff: Cynthia Brown, Sarah Watts, and Heather Hamilton.

### **Approval of Minutes**

A motion was made by Representative Lockett and seconded by Representative McPherson to approve the minutes of the August 20, 2025, meeting. Minutes were approved by voice vote without objection.

### **Major Tax Provisions in H.R. 1 (Public Law 119-21)**

Amy L. Sandlin, CPA, Senior Manager of Tax Quality, Blue & Co. LLC, provided an overview of H.R. 1 tax provisions affecting businesses, individuals, and nonprofits. For the workforce, these provisions include new tax deductions for tips and overtime, as well as the creation of Trump accounts.

Responding to Senator Boswell, Ms. Sandlin clarified which overtime portion is deductible.

Jon Tennent, CPA, Partner, Besten & Dieruf, PLLC, provided an overview of business provisions affecting depreciation of business assets, Section 179 expensing, research and development expenses, and wagering loss limitations.

Responding to Senator Givens, Ms. Sandlin stated the Internal Revenue Service (IRS) is not changing W-2 or 1099 forms until 2026. In 2025, Box 14 of the employees W-2 may be used for the deduction amount.

Responding to Chair Petrie, Ms. Sandlin stated the business provisions change the former tax cuts from temporary to permanent.

Ms. Sandlin discussed deductions for state and local taxes (SALT), car loan interest, seniors, and charitable contributions.

Mr. Tennent discussed tax credits for contributions to Scholarship Granting Organizations (SGO).

Responding to Co-Chair McDaniel, Ms. Sandlin explained the charitable contributions deduction.

Responding to Representative McPherson, Mr. Tennent stated SGOs will be organized as a 501(c)(3) and must be a nonprofit established under state law. Churches would not, by default, qualify as an SGO.

Responding to Senator Givens, Mr. Tennent stated the tax credit for SGOs start in 2027. Ms. Sandlin added there are reporting requirements at the state level for these entities.

Responding to Representative Lockett, Mr. Tennent stated there will be more guidance on establishing SGOs prior to the effective date.

Chair Petrie commented on a prior educational opportunity account bill structured like an SGO.

Senator Givens commented that SGOs can be used for public and private educational opportunities.

## **Kentucky's Workforce**

Kate Shanks, Senior Vice President, Public Affairs, Kentucky Chamber of Commerce, introduced the Kentucky Chamber's focus on workforce challenges in child care and housing.

Charles Aull, Vice President, Policy, Kentucky Chamber of Commerce, provided an overview of trends in workforce participation and state policy solutions. Mr. Aull discussed child care access and affordability.

Responding to Chair Petrie, Mr. Aull stated the workforce population is age 16 and up, including the elderly.

Responding to Representative Fugate, Mr. Aull explained possible reasons for a decline in workforce participation. Chair Petrie requested statistics regarding the coal industry and workforce participation.

Responding to Senator Funke Frommeyer, Mr. Aull stated they would need to do more research to understand changes in labor regulations and its effect on the teenage workforce.

Responding to Senator Nunn, Mr. Aull explained the drop in Kentucky's workforce compared to the national average around 2013.

Mr. Aull provided an overview of trends in housing and the workforce.

Responding to Co-Chair McDaniel, Mr. Aull shared perspectives on long-term rentals versus short-term rentals and the effect it has on housing stock. Chair Petrie requested data on short-term rentals and its effect on the housing market.

Responding to Representative Bojanowski, Mr. Aull stated there is an imbalance in the rental market as well. Both rental and buying vacancy rates have been declining.

Senator Boswell shared comments about the difficulties builders have with constructing housing units in some areas of the state.

Mr. Aull discussed housing in regards to economic development and spatial misallocation.

Representative McPherson shared comments about the lack of affordable building lots and extending industrial park investments to include infrastructure for housing in those areas.

Ms. Shanks provided an overview of policy solutions recommended for child care and housing for the 2026 legislative session.

Responding to Representative Thomas, Mr. Aull shared comments about childcare facilities on military bases.

Responding to Representative Truett, Ms. Shank discussed community driven approaches to child care solutions. Chair Petrie shared comments about daycare offered to school employees.

Responding to Senator Nunn, Mr. Aull confirmed they could do an analysis of states that expanded policies in 2013-2014, versus those that did not, and see if they have similar drops in workforce participation.

Senator Boswell commented on a property sold by the state, worth \$3.3 million. He advocated the selling of other vacant properties owned by the state.

### **Correspondence Received**

Correspondence received included Interim Budget Allotment Adjustments for FY 2026 and Interim Emergency Appropriation Increases for FY 2026 from Jenny Bannister, Deputy Director, Office of Budget Review, Legislative Research Commission (LRC).

### **Reports Received**

Reports received in August 2025 from Katy Jenkins, Committee Analyst, Appropriations and Revenue Committee, LRC.

### **Next Meeting**

October 15, 2025, at 1:00 PM in the Capitol Annex Room 149, chaired by Co-Chair McDaniel.

## **Adjournment**

There being no further business to come before the committee, the committee adjourned at 2:08 PM.