

BUDGET REVIEW SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND ENVIRONMENTAL PROTECTION

Minutes of the 3rd Meeting of the 2023 Interim

August 2, 2023

Call to Order and Roll Call

The 3rd meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection was held on August 2, 2023, at 9:00 AM in Room 154 of the Capitol Annex. Representative Chris Fugate, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Chris Fugate, Co-Chair; Senator Gary Boswell, Co-Chair; Representative Russell Webber, Senator Christian McDaniel, Representative Jason Petrie, Representative Brandon Reed, Representative Chad Aull, Representative Josh Bray, Representative Al Gentry, and Representative Matt Lockett.

Guests: Jeff Noel, Secretary, Cabinet for Economic Development; Katie Smith, Deputy Secretary and Commissioner, Cabinet for Economic Development; and Matthew Wingate, General Counsel, Cabinet for Economic Development.

LRC Staff: Joseph Holt, Kevin Newton, Sara Rome, and Amie Elam.

The minutes from June 07, and July 19, 2023, were approved.

Kentucky Product Development Initiative Update

Representatives from the Cabinet for Economic Development (CED) gave an update on workforce development projects, performance-based incentives, and the Kentucky Product Development Initiative (KPD).

In response to a question from Chair Fugate, Mr. Noel said that the creation of jobs is a large part of a company incentive package. Mr. Noel said that he will provide information on the number of jobs created, the number of positions that need to be filled, and the investments made going back to 2017. Mr. Noel added that CED could not do their work without the partnership of the community college system.

In response to a question from Representative Aull, Mr. Noel said that airport issues are not keeping Kentucky from attracting companies. He added that staffing issues at CED are related to wages, the ability to promote, and benefits to attract talent.

In response to a question from Representative Lockett, Mr. Noel said that companies will turn down a deal due to a state's tax policies, however, it is more likely that a company would walk away due to the whole offer package not fitting its needs rather than a tax policy issue alone.

In response to a question from Senator McDaniel, Ms. Smith said that site visits for the KPD grants will be in September and recommendations will go to CED by early November. CED will

likely announce the first round of approvals in January 2024. Ms. Smith said that there are two rounds annually for the Small Business Innovation Research and Small Business Technology Transfer program funds. She added that nine projects were approved and there is \$1.5 million in the budget for these projects.

In response to a question from Senator Boswell, Mr. Noel said that companies do not like complexity. He stated that companies will walk away from a deal if there is not a clear commitment from planning and zoning.

Adjournment

There being no further business before the subcommittee, the meeting adjourned at 10:15 A.M.