

ARTIFICIAL INTELLIGENCE TASK FORCE 2025

Minutes of the 4th Meeting of the 2025 Interim

September 11, 2025

Call to Order and Roll Call

The fourth meeting of the Artificial Intelligence Task Force 2025 was held on September 11, 2025, at 9:00 AM in Room 171 of the Capitol Annex. Senator Amanda Mays Bledsoe, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Amanda Mays Bledsoe, Co-Chair; Representative Josh Bray, Co-Chair; Senators Michael J. Nemes, Steve Rawlings, Reginald L. Thomas, and Gex Williams; Representatives Matthew Lehman, Derek Lewis, and Suzanne Miles.

Guests: Caroline Reppert, Director of Artificial Intelligence (AI) and Technology Policy, National Retail Federation (NRF); Mercy Beehler, Vice President of Government Relations, NRF; Bartlett Cleland, General Counsel and Director of Strategic Initiatives, NetChoice; Dr. Tama Thé, Assistant Professor of Emergency Medicine, University of Kentucky (UK); and Dr. Hubert Ballard, Professor of Pediatrics-Neonatology, UK.

LRC Staff: Janine Coy, Christian Deeter, Christina Gordley, and Lisa Moore.

Approval of the Minutes from the August 14, 2025, Meeting

Senator Nemes motioned to approve the the August 14, 2025, meeting minutes, and Senator Williams seconded the motion. Motion carried and the minutes were approved by voice vote.

Artificial Intelligence and the Retail Sector

Caroline Reppert, Director of AI and Technology Policy, NRF, explained the NRF principles of AI in the retail sector and policy considerations. Mercy Beehler, Vice President of Government Relations, NRF, testified in support of utilizing AI in the retail sector.

The NRF is the largest United States trade association for the retail sector. While the use of analytic AI in retail is not new, the emergence of generative and agentic AI capabilities over the past three years has been transformative. Spending on AI in the retail sector exceeded \$25 billion globally in 2024. NRF's principles of AI in the retail sector include governance and risk management, customer engagement and trust, workforce applications and use, and business partner accountability. Policy-related considerations include retailers providing a balance between innovation and risk mitigation, clarifying developer versus

Committee meeting materials may be accessed online at <https://apps.legislature.ky.gov/CommitteeDocuments/393>

deployer responsibilities, encouraging voluntary standards for AI governance and risk management, and providing incentives for training and upskilling. Compliance costs for retailers and other AI deployers are a concern, as well as barriers to entry for AI startups, and reducing competition.

Responding to Representative Lehman, Ms. Beehler said retailers are focused on the consumer first. Dynamic pricing is a flexible pricing strategy where the price of a product is adjusted in real-time based on various factors such as demand, supply, competition, and customer preferences. The NRF does not directly target consumers, but she can look into the issue further and report the data to the committee.

Building American Data Centers

Bartlett Cleland, General Counsel and Director of Strategic Initiatives, NetChoice, presented on the need to build American data centers to meet consumer demand, create new technology jobs, and the race with China on AI. Data centers want to locate in places that offer opportunities for new investment, technology jobs, and fair property taxes. Kentucky is attractive as it treats data center equipment like it does other business machinery, it has plenty of available land, and has strong community partners. Data centers would create over 100 new jobs, often paying six figures for high school or trade school graduates, providing new tax revenue to the state.

Mr. Cleland said electricity bills would not increase with the addition of data centers. Companies work with local utilities to ensure capacity is available and not at the expense of customers. Large company contracts can drive down rates and absorb fixed costs. Data centers can use evaporative cooling or closed loop systems, and approximately 80 percent of the water intake is returned to the municipal system the provided the water.

Mr. Cleland stated President Trump is advocating for new data centers and AI with his Unleashing American Energy Policy. The policy is directing expedited permitting for energy projects and urging a review of agency actions that burden domestic energy development. America's technology industry has responded to the challenge by investing \$300 billion in capital from Amazon, Google, Meta, and Microsoft. Utility and data center operators are embracing nuclear power.

Responding to Co-Chair Bray, Mr. Cleland said, while he is in not an expert on Kentucky energy policy, leaders need to prepare to make more electricity to attract data centers. Kentucky can be at the forefront by building the energy infrastructure to make it a viable location for new data centers and manufacturing jobs. Co-Chair Bray said Kentucky has a unique opportunity if its energy policies can be aligned with AI. He would like feedback from the NetChoice executives on state policies that create favorable climates to produce more electricity.

Responding to Senator Williams, Mr. Cleland said technology will advance, and a doubling of power could result every 18 months. It is not unrealistic to anticipate one gigawatt of power will be needed as data centers become stronger in the future. Chips are being developed to directly compete with China.

Responding to Senator Thomas, Mr. Cleland said where data centers locate is separate from the use of data. It is not necessary for data centers to locate in Louisville, Lexington, or Northern Kentucky, even though most data is generated in those areas.

Responding to Senator Rawlings' concern about the few people who actually work in a data center, Mr. Cleland said data centers will provide over 100 new six-figure jobs attached directly to the center. There will also be secondary jobs created in security, maintenance, and vendors. Data centers can provide an opportunity for rural areas with land and water sources.

Responding to Representative Lehman, Mr. Cleland said server blades are replaced every four years. The lines run underground for data centers. The buildings should be able to be updated if the data center has run its course.

Responding to Representative Lewis, Mr. Cleland said the opportunity exists for data centers to provide their own energy at the site. He is not an expert on federal regulations, or specific Kentucky policies, and will limit his comments in those areas. Other states, such as Nebraska, are exploring ways to produce more electricity, but data is not available yet.

Senator Williams said 100 new six-figure jobs would have a major economic impact. Chair Mays Bledsoe agreed all constituents would be appreciative of these jobs.

Artificial Intelligence at the University of Kentucky

Dr. Tama Thé, Assistant Professor of Emergency Medicine, UK, and Dr. Hubert Ballard, Professor of Pediatrics-Neonatology, UK, explained UK's AI work, especially in healthcare. UK is teaching its students how humans and AI can work together as partners to solve complex problems. It is a philosophical foundation that moves beyond the fear of replacement and toward a vision of augmentation. UK's goals are to improve the lives of all Kentuckians using AI to improve patient outcomes, reduce doctor shortages in rural areas, and make healthcare more efficient and effective by identifying patients at high risk for developing certain conditions.

Co-Chair Bray said improving patient outcomes, lowering Medicaid costs, and strengthening rural health equity make the investment and time in AI worthwhile.

Responding to Co-Chair Bray, Mr. Ballard said the most effective thing the committee can

do is to help UK access data. UK needs data to make these programs viable and accurate, and reduce long-term Medicaid costs. Data sets for Medicaid claims and vaccine registries can help identify patients for UK to target and improve health outcomes. Co-Chair Bray said streamlining the process can save three months and save countless of lives. Dr. Thé stated he is grateful for the opportunity to save lives and that data privacy will remain fundamental to UK's usage of data sets.

Responding to Chair Mays Bledsoe, UK would like to come back in 6 to 12 months with more information. It is important to keep the lines of communication open and work together as partners to improve health care outcomes for Kentuckians, while saving money in the healthcare system.

Responding to Representative Lehman, Dr. Ballard said UK's budget for AI projects is adequate, and UK is not relying on federal grants for funding. Chair Mays Bledsoe encouraged UK to ask for additional funding during the budget process if needed.

Protecting Personal Information from AI Scraping of Government Websites

Senator Williams explained his proposed bill draft, 2026 RS BR 385. The bill draft would prevent AI from scraping or extracting a person's picture, address, and phone number from government websites. This would be phased in over a few years to allow training for local officials.

Responding to Senator Thomas, Senator Williams said the bill draft does not restrict AI from collecting data, but the government would be prevented from posting a person's address or phone number. An AI bot could potentially scrape that information, which is currently allowed to be published.

Adjournment

With no further business before the committee, the meeting adjourned at 11:00 AM.