

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 6th Meeting of the 2019 Interim

November 21, 2019

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Thursday, November 21, 2019, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Russell Webber, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Russell Webber, Co-Chair; Senators Perry B. Clark, Rick Girdler, Denise Harper Angel, Ernie Harris, Jimmy Higdon, Alice Forgy Kerr, Wil Schroder, Mike Wilson, and Max Wise; Representatives Lynn Bechler, John Blanton, Charles Booker, Adam Bowling, R. Travis Brenda, McKenzie Cantrell, Daniel Elliott, Chris Freeland, Al Gentry, Kathy Hinkle, Thomas Huff, Savannah Maddox, Jason Petrie, Ashley Tackett Laferty, and Buddy Wheatley.

Guests: Lisabeth T. Hughes, Deputy Chief Justice, Supreme Court of Kentucky; Janet Jakubowicz, Partner, Bingham Greenebaum Doll LLP; Dr. Benjamin Malphrus, Professor of Space Science and Executive Director, Space Science Center, Morehead State University; and Stewart Ditto II, Former Executive Director, Kentucky Aerospace Industry Consortium.

LRC Staff: Andrew Manno, Chip Smith, Janie Boyd, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the October 3, 2019 meeting was made by Representative Jason Petrie, seconded by Senator Max Wise, and approved by voice vote.

Business Court Docket Pilot Project

Jefferson County will be implementing a business court which is a designated section of trial courts that handles complex commercial or business litigation cases. Business courts typically focus on intra-company and inter-company disputes. The implementation of business courts have become a national trend and have been adopted in 24 other states. Pilot programs are currently underway in Arizona, California, Indiana, Tennessee, and Wisconsin, but Jefferson County's pilot project is mostly being mirrored after Tennessee's program. Goals of the business court docket pilot project include

improving access to justice for all litigants, improving timeliness for all cases, improving consistency of results in complex commercial cases, making the state a more attractive forum for doing business, improving use of alternate dispute resolutions, and improving the public's perception of the court system. The proposal to bring business courts to the state was studied by and recommended to the Supreme Court by the Civil Justice Reform Commission and was authorized in April 2019. The Supreme Court also authorized the creation of the Business Court Docket Advisory Committee and designated divisions four and ten of Jefferson Circuit Court for the business court docket.

Assignment to the Jefferson County Business Court Docket will include disputes such as breach of contract claim involving a business entity, purchase or sale of all or part of a business entity, business tort claims, commercial real estate, business class actions not brought by consumers, and environmental disputes arising between business entities. There will be exclusions to the business court docket such as sales or construction of a residence, employee and employer disputes, insurance coverage relating to a personal injury dispute, and eminent domain disputes. In addition, only cases with proper venue in Jefferson County filed after January 1, 2020 and those specifically listed in the inclusion section of the business court rules will be eligible. Attorneys will have the opportunity to move for or dispute assignment to the business court docket. Judges will also have the opportunity to remove or refer cases to business courts. Parties will be required to participate in early scheduling and case management conferences that address issues such as scope of discovery; electronically stored information; expert witnesses; confidentiality and protective orders; and mediation. Telephonic conferencing and communication via email will also be highly encouraged.

Responding to a question from Co-Chair Russell Webber, Deputy Chief Justice Hughes confirmed that the circuit court judges from divisions four and ten that have been assigned to the business court cases will continue to preside over criminal and civil cases in addition to the business court docket cases but will have their civil dockets reduced. Answering another question, she said that she expects for the program to be adopted in other areas of the state over time and hopes that there will eventually be regional business courts available to claimants of all counties.

Addressing a question from Representative Jason Petrie, Deputy Chief Justice Hughes explained that due to how the pilot program has been structured, the anticipated cost will virtually be zero. Although there have been existing judicial funds used, there have not been any additional funds requested or used. After Representative Petrie expressed concerns about business courts being available to the entire state, Deputy Chief Justice Hughes said that after the pilot program in Jefferson County starts in January 2020, then it can be better gaged on how to move forward to make it available and cost effective to claimants and businesses across the state and not in just certain areas. She said that the regional approach may be a better option because some areas of the Commonwealth do not have a high volume of civil cases that would be eligible for business court.

Replying to Representative McKenzie Cantrell, the Deputy Chief Justice stated that although there are specialized courts on the district and circuit court level such as family, veteran, and drug courts, she does not anticipate that any other divisions will come to fruition within the judicial system. Responding to another question, Ms. Jakubowicz that the business court rules have a lot of similarities with federal rules that allow telephonic conferencing to be used for case management and scheduling purposes. She said that she thinks when the benefits of teleconferencing are realized once the pilot project is underway, then all areas of the state judicial system may adopt rules allowing more telephonic communication.

Answering a question from Representative Lynn Bechler, Deputy Chief Justice Hughes explained that from an economic development standpoint, the implementation of business court will make the state more attractive to businesses and will be taken into consideration when businesses are considering Kentucky as a potential location. Ms. Jakubowicz added that businesses consider many different factors in terms of economic expansion and location, and a state's court system is one of those factors. Business courts within the judicial system can be used as a marketing tool in the promotion of Kentucky.

Morehead State University's Space Science Center

Aerospace exports are the state's top manufactured export and have increased by 183 percent in the past five years. According to the U.S. Census Bureau, Kentucky ranked second in the country in international exports of aerospace products and parts in 2018, valued at \$12.56 billion and expected to be \$14 billion by the end of 2019. The aerospace industry supports close to 21,000 jobs across the Commonwealth and \$1.46 billion in wages. The Morehead State University Space Science Center explores the space side of aerospace, performing research specifically focused on nano satellite technology. The Space Center has become internationally recognized as a center for excellence in small satellite technologies and space mission operations. Morehead State University is home of the inventor of the CubeSat satellite and currently has seven contracts with NASA.

Morehead State University works to ensure the aerospace workforce pipeline is in place by offering space related degree and academic programs such Bachelor and Masters programs in Space Systems Engineering, Bachelor of Science in Physics Areas Astrophysics, and the only Aerospace Engineering CIP Code degree program in the state. The University's academic programs provide undergraduate research experiences, instrumentation experience, engineering design, observational astrophysics research, project management experience, and systems level engineering experience. Students also develop skillsets in space systems development operations, mechanical systems design, and space mission architecture and operations. The B.S. in Space Science, which is transitioning to Space Systems Engineering, degree program has had nearly a 100 percent job placement rate and is one of only five similar undergraduate programs in the country. The M.S. in Space Systems Engineering was established in 2014, is the first engineering

program in the eastern part of the state, and has approximately a 100 percent job placement rate. Graduates of these programs are employed by Rjant Corporation, Space Dynamics Laboratory, Honeywell, Aerotek, NASA Johnson Space Center, and Air Force Institute of Technology, among others.

One of the areas that the Science Center specializes in is creating nano satellite technologies. Projections show that by 2020 an estimated 500 nano or micro satellites will be launched in to space. Constellations of small satellites are used for data transfer, financial transactions, homeland defense, tactical security, GPS, navigation, earth remote sensing, and inventory from space. The small satellite market is forecasted to exceed \$30 billion in the coming years but also requires a different operational model than large monolithic geostationary constellations. Through partnerships with the government, other universities, and the private sector, the Science Center has launched six satellites and has numerous contracts with NASA. In 2020 in partnership with the Busek Company, NASA Goddard Spacecraft Center, and NASA Jet Propulsion Laboratory, The Morehead State University Space Center will be launching the Lunar IceCube on the Artemis 1. The Lunar IceCube, winner of NASA's NEXTStep Contract, is a 6u small satellite whose mission is to prospect for water in ice, liquid, and vapor forms and other lunar volatiles.

Representative Kathy Hinkle thanked Dr. Malphrus for all of his work and said the Science Center has created new opportunities in the aerospace industry.

Responding to Co-Chair Danny Carroll, Dr. Malphrus said that although there is a workshop that Morehead State University offers female junior high school students, there is not enough outreach done to middle and high school students due to a shortage of instructors and staff which limits what the University can provide on the front end of the talent pipeline for the aerospace industry. There are a significant number of jobs in the industry that go unfilled each year across the country due to a lack of well qualified and trained individuals. However, the Commonwealth is poised for growth in the aerospace industry due to the state's manufacturing hubs, adding centers for distribution and logistics, and specialized programs being added to state colleges and universities.

Addressing Representative Ashley Tackett Laferty, Dr. Malphrus confirmed that the Science Center does work with Big Sandy Community Technical College and the East Kentucky Science Center and Planetarium to some extent. Morehead State University has an articulation agreement with all schools in the Kentucky Community and Technical College System.

Kentucky's Growing Opportunity in Aerospace

In the 2015 Regular Session House Joint Resolution 100 was passed that directed the Transportation Cabinet, Cabinet for Economic Development, and Commission on Military Affairs to study the economic impact of the aviation and aerospace industry across the state which led to the creation of the Kentucky Aerospace Industry Consortium (KAIC).

The goals of KAIC included the unification and promotion of the industry; harnessing the business development through industry certifications and improved cybersecurity; and encouraging research and education. The Consortium encouraged collaboration among industry partners, promoted the industry both within and outside the state, and worked closely with those in the education system to ensure there is an industry driven workforce in the aerospace cluster. KAIC found that the aerospace industry has seen tremendous growth with over 600 aerospace related companies across the state and that is partially due to a migration of the industry to the Midwest. Unfortunately, 18 months after its creation KAIC was absorbed by the Kentucky Association of Manufacturers because of a lack of funding but will continue to advocate for the industry.

There being no further business, the meeting adjourned at 2:50 p.m.