

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 3rd Meeting of the 2020 Interim

August 27, 2020

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Thursday, August 27, 2020, at 2:00 PM, at the State Fair and Exposition Center in Louisville, KY. Senator Danny Carroll, 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 Karen Berg, Rick Girdler, Denise Harper Angel, Jimmy Higdon, Alice Forgy Kerr, Wil Schroder, Reginald Thomas, and Max Wise; Representatives Kim Banta, John Blanton, Adam Bowling, Kevin D. Bratcher, R. Travis Brenda, McKenzie Cantrell, Daniel Elliott, Chris Freeland, Al Gentry, Kathy Hinkle, Thomas Huff, Nima Kulkarni, Savannah Maddox, Jason Petrie, Bart Rowland, Ashley Tackett Laferty, and Buddy Wheatley.

Guests: David Beck, President and CEO, Kentucky Venues; Secretary Mike Berry, Tourism, Arts, and Heritage Cabinet; Commissioner Michael Mangeot, Department of Tourism, Tourism, Arts, and Heritage Cabinet; Secretary Larry Hayes, Cabinet for Economic Development; Anthony Ellis, General Counsel, Cabinet for Economic Development; and Commissioner Katie Smith, Department of Financial Services, Cabinet for Economic Development; Commissioner Jeff Taylor, Department of Business Development, Cabinet for Economic Development.

LRC Staff: Andrew Manno, Chip Smith, Audrey Ernstberger, and Kirsten Parker.

Approval of Minutes

A motion to approve the minutes of the July 30, 2020 meeting was made by Co-Chair Russell Webber, seconded by Representative Chris Freeland, and approved by voice vote.

Update on State Fair and Fairgrounds

David Beck, President and CEO of Kentucky Venues, gave an update about the status of facilities throughout Kentucky. He first discussed updates to the Exposition Center and Fairgrounds in Louisville, which now allows more events to occur at the same time.

Recent improvements include new signs, more lanes, and new pavement. The Expo Center usually has over 200 shows in a normal year. Some of the shows include the Farm Machinery Show, the North American Livestock Exhibition, the State Fair, and the World Championship Horse Show. Cardinal Stadium was torn down, which provides additional parking. The old Transportation Cabinet building was also demolished so to have more land to use for outdoor events. The facilities in downtown Louisville have around 130 events. Health and safety is a primary objective. Kentucky Venues hired a compliance officer and is working with Louisville Tourism to obtain a good housekeeping approval, which is a star rating to handle infection, sanitization, and being in compliance with health measures. COVID-19 forced changes to the State Fair this year and the Fair Board Committee met each Monday afternoon to discuss the changes. The committee submitted a plan to have the fair and were busy booking and rebooking events and vendors. The State Fair is closed to guests this year, and the fair lost between \$10.5 and \$11 million in business. They are seeing both leisure and business travel change because of COVID-19.

Responding to a question asked by Co-Chair Danny Carroll, Mr. Beck explained that their plan for next year's fair is to return to the original format while still being open to new ideas. The plans for this year were completely changed because of COVID-19. They also want to focus on economic development by providing a space for new entrepreneurs so they can demonstrate their new ideas and provide them with opportunities to attract investors, markets, and employees.

Tourism Update

Mike Berry, Secretary of the Tourism, Arts, and Heritage Cabinet, and Michael Mangeot, Commissioner of the Department of Tourism, gave an overview of the impact of COVID-19 on Kentucky Tourism. Secretary Berry began by explaining that before COVID-19, an economic survey was completed and reported that spending and visitation growth increased in 2019 as trips topped \$73.8 million and spending reached \$7.9 billion. This growth also created more than 95,800 jobs and \$823 million in state and local taxes. When COVID-19 began in March, weekly travel spending declined by 40 percent from the first week of March to the last week of April. Overall, \$2.9 billion in travel spending and \$26 million in tax revenue has been lost. Outdoor activities are increasing and leading indicators, but the season is coming to an end. In July, state park occupancy was 43.9 percent and overall was 56 percent. There have been gradual increases in travel spending since the end of April, putting Kentucky in a good position to recover.

Commissioner Mangeot explained that tourism was hit hard by COVID-19, but Kentucky has many opportunities to be active while being safe. Longwoods International conducted a census of participants in the travel industry which revealed that 67 percent of respondents have travel plans in the next 6 months and 27 percent will drive instead of fly because of health concerns. Therefore, more people will be travelling through the state because of the increase in the length of time travelers are willing to drive. It was also revealed that 61 percent of respondents would visit or are more likely to visit destinations

that require a mask. The cabinet is being conservative in their approach and is trying to conserve funds. Because Kentucky has an opportunity for in-state travel, a new ad campaign has been created to inspire and encourage in state vacations, increase state travel, and increase spending and tax revenue. The digital campaign will be advertised on TV and radio. The ad includes the catch line “Stay Close. Go Far” and includes activities to travel to in the state. The campaign was created with existing footage so no money was spent. Secretary Berry concluded that it is estimated by experts that the state will not recover until 2024, but they are dedicated to making a quicker recovery.

Responding to a question by Co-Chair Danny Carroll, Commissioner Mangeot explained that national recreational vehicle sales are 90 percent ahead of last year. Around the nation, other states are seeing the same increase in outdoor activities as people are wanting to get out, but the season is over next week so there will be a drop off. Answering another question by Co-Chair Danny Carroll, Secretary Berry responded by saying that they were made aware of the new fee on the shipment of Asian Carp by their business partners in Western Kentucky. He has had a conversation with Health and Family Services.

Addressing a question by Representative Kim King, Secretary Berry discussed the decision about the operation of the State Fair by describing the proposal process for the plan. The State Fair Board submitted suggested guidelines for having the State Fair to the Healthy at Work portal. The Healthy at Work Taskforce, the Cabinet, Kentucky Venues Management, and the State Fair Board worked together to come up with a plan that was the safest for Kentuckians. The plan received approval, but additional adjustments were made. It was a joint effort, but it was highly influenced by the executive order requiring masked gatherings and requirements of large events.

Replying to Representative Chris Freeland, Secretary Berry said he was not aware of the need for upgraded camping sites at Kenlake State Resort Park, but he had completed a visit to Kentucky Dam Village. It had similar issues as Kenlake such as the spaces being too small and the hookups being too old to be used by newer campers. He has found that hookups must be replaced and is aware there are places that need upgrades in order to make use of all spaces.

Answering a question from Representative Chris Fugate, Secretary Berry was aware of a group of rally race cars that brought in a lot of revenue for Representative Fugate’s area. Representative Fugate commented that the group is looking to return in September 2020 and wanted to know if the Secretary would help support this event. Secretary Berry responded by saying he would be happy to meet with Representative Fugate to discuss.

Responding to Co-Chair Russell Webber, Secretary Berry responded that it was the decision of Kentucky Venues in conjunction with the State Fair Board and the Cabinet to have no spectators at the Fair this year. To his knowledge, the initial plan did not exclude spectators, but the plan later was changed to no spectators. It was not his suggestion, but

the plan had his support. Co-Chair Webber asked that records and information of the plans that he had be submitted to all co-chairs.

Steve Wilson, the Chairman of the State Fair Board, stated that the plan that limited attendance at the Fair was made before he was made chairman. Over 23 states, including Kentucky's surrounding states, had cancelled their fairs. The Board had three options which included cancelling the Fair, having general admission, or continuing with the plan. It was recommended to exclude spectators. Co-Chair Webber asked for Mr. Wilson to forward all records regarding approval of the plans to the co-chairs.

Answering a question from Co-Chair Phillip Pratt, Mr. Wilson stated that Governor Beshear appointed him chairman of the State Fair Board. Mr. Wilson made the decision about the fair being held with no spectators without the State Fair Board's vote. When asked if this was proper under the bylaws of the Fair Board, Mr. Wilson responded that he felt that it was the proper thing to do.

Inquiring about the public's reception of the fair being open by Senator Reginald Thomas, Mr. Wilson responded by saying that everyone at the Fair has been very appreciative. He was not aware of any COVID-19 cases at the Fair thus far.

Responding to Representative Rachel Roberts, Mr. Wilson stated that he did not have information about viewing the Fair online. Representative Roberts commented that the public could watch the fair's live activities online at [Kystatefair.org](https://kystatefair.org).

Representative George Brown commented on the nature of questions that have been asked regarding the decisions about the State Fair.

Answering Co-Chair Danny Carroll's question, Mr. Wilson responded that there were discussions about guests being allowed at the Fair before he was named chairman. He said he had relayed to the Governor of the possibility of closing the fair.

Representative Jim Gooch made the comment that people in leadership positions who are making COVID-19 related decisions should take responsibility for those decisions.

Representative Al Gentry thanked Mr. Wilson for taking the leadership role of chairman at a difficult time and for making the right decision about closing the Fair to spectators.

Co-Chair Carroll concluded the Tourism update by stating that it would be a good idea for Secretary Berry and Commissioner Mangeot to be featured on the Governor's live updates to spread positive tourism news.

Economic Development Update

Larry Hayes, Secretary of the Cabinet for Economic Development, described the difficulties the business world is facing and said he was confident of people adapting to a post COVID-19 lifestyle. There was a drop off for the total business announcements for the first seven months as compared to other years. There are numerous projects happening, many including foreign direct investments. For foreign direct investment, Kentucky is at 8 percent, while the nation is at 5 percent. The Cabinet is looking for new ways to communicate, and one way has been through webinars.

Jeff Taylor, the Commissioner for Business Development, explained the development opportunities in the state through the salesforce and marketing. Sixty one expansions and new-location projects have been announced, with 3,314 new full-time jobs and \$1.18 billion in investment. Despite the decline in projects, jobs, and investments due to COVID-19, it could have been worse and the Commonwealth still remains strong in long-term investment and job creation.

Anthony Ellis, General Counsel for the Cabinet for Economic Development, explained two new state programs to assist the economy. The Regional Innovation for Startups and Entrepreneurs (RISE) Program through KY Innovation supports entrepreneurs and startups throughout the state by offering comprehensive services and connections to regional resources. \$2.6 million has been invested into six regional support offices to provide this support through coaching and connecting companies to those in the community. The Kentucky Commercialization Ventures (KCV) Program which is a public-private partnership that creates products, services, and businesses from research and intellectual property developed at Kentucky's public universities. Nearly \$1.16 million has been invested into KCV. The goal is to provide more resources to small businesses and entrepreneurs.

Commissioner Katie Smith explained 2020 expenditures and the budget for 2021. For expenditures, the biggest difference is all grant funding was not exhausted. They want to abide by the budget and do everything to administer programs while not spending money they do not have to spend.

In response to a question by Senator Wil Schroder, Secretary Hayes discussed the process of naming a permanent Cabinet Secretary.

Addressing Representative Travis Brenda's inquiry about the increase in jobs at locations being temporary, Commissioner Taylor responded by explaining the job increases are a result of permanent expansions that have been through the approval process.

In response to a question from Representative Steve Sheldon, Commission Taylor and Secretary Hayes responded by saying that the Governor came up with the guidelines when businesses were closed in March 2020. It was the decision of each business whether they could operate under the guidelines. The Cabinet was consulted by many of the larger

companies that wanted to be deemed essential, and the Governor took that information into consideration. The Cabinet officials relied heavily on recommendations from Dr. Steven Stack, Commissioner of the Department for Public Health. There were regular, continuous discussions on impacts and opportunities with the Governor's Office

Secretary Hayes responded to Representative Chris Fugate's question by saying that he would meet with him to discuss the economic impact of establishing a regional ATV trail modeled after the Hatfield and McCoy system in West Virginia.

Replying to concerns raised by Co-Chair Danny Carroll, Secretary Hayes stated the Cabinet is also concerned about the impact of COVID-19 on economic incentives and the Cabinet wants the state to stay competitive.

Answering a question from Senator Wil Schroder, Secretary Hayes said the Cabinet's plan regarding its emphasis on economic development is going to be discussed on Monday. The Cabinet would also like to meet with judge executives and senators to align everyone together.

There being no further business, the meeting adjourned.