

# **INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT**

## **Minutes of the 4th Meeting of the 2021 Interim**

**September 23, 2021**

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

The 4th meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Thursday, September 23, 2021, at 9:00 AM, 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 Wil Schroder, Co-Chair; Representative Russell Webber, Co-Chair; Senators Alice Forgy Kerr, Christian McDaniel, Robby Mills, Adrienne Southworth, Brandon J. Storm, Phillip Wheeler, Mike Wilson, and David Yates; Representatives Shane Baker, Lynn Bechler, Josh Bray, George Brown Jr., Josh Calloway, McKenzie Cantrell, Daniel Elliott, Chris Freeland, Al Gentry, Mark Hart, Thomas Huff, DJ Johnson, Kim King, Nima Kulkarni, William Lawrence, Matt Lockett, Bart Rowland, Scott Sharp, Steve Sheldon, and Ashley Tackett Laferty.

Guests: Representative Samara Heavrin; Representative Nima Kulkarni; Katie Showalter, Assistant Professor, College of Social Work, University of Kentucky; Dr. Jillian Carden, Executive Director, Silverleaf Sexual Trauma Recovery Services; Tanya Thomas, Executive Director, Springhaven Domestic Violence Program; Representative Randy Bridges; Tammy Stansbury, Vice President of Development, Woda Cooper Companies; Mike Hynes, CEO, Winterwood Incorporated; Brett Harrell, Former Member of the Georgia House of Representatives; Marty Hammons, Commissioner, Department of Workforce Investment, Education and Workforce Development Cabinet; Michelle DeJohn, Executive Director, Kentucky Career Center Office of Employer & Apprenticeship Services, Education and Workforce Development Cabinet; Adam Watson, Government Relations Chairman, Kentucky Guild of Brewers; and Charley Hamilton, President, Kentucky Guild of Brewers.

LRC Staff: Andrew Manno, Drew Baldwin, Kirk Smith, and Sasche Allen.

### **Approval of Minutes**

A motion to approve the minutes of the August 26, 2021, meeting was made by Senator Wheeler, seconded by Representative Calloway, and approved by voice vote.

## **Unemployment Insurance for Victims of Domestic Violence and Abuse**

Representative Kulkarni and Representative Heavrin discussed proposed legislation that would make victims of domestic violence and abuse eligible for unemployment insurance benefits if the victim has left work, is unable to work, or is separated from employment due to circumstances directly resulting from domestic violence and abuse, dating violence and abuse, sexual assault, or stalking. Katie Showalter, an Associate Professor in the College of Social Work at the University of Kentucky, stated, according to her research on gender based violence, Kentucky has the second highest rate of domestic violence in the country, and sexual violence and stalking rates are higher in the Commonwealth than national averages.

About \$15 million is spent on domestic violence costs in regards to healthcare and loss of productivity in the workplace, and survivors of sexual violence and stalking experience an average of 15 days of work loss per year. In addition, victims of intimate partner abuse can be unemployed for up to six years after the abuse has ended due to the mental and physical impacts. Ms. Showalter explained that in situations of intimate partner abuse, abusive partners will financially control victims in ways that greatly affect their employment. Dr. Jillian Carden, Executive Director of Silverleaf Sexual Trauma Recovery Services, detailed a specific case of a victim of sexual assault in which the assault critically impacted the victim's employment, income, and mental health. Tanya Thomas, Executive Director of the Springhaven Domestic Violence Program, described the hardships faced by victims that are impacted by financial abuse. It has been reported by 83 percent of domestic violence survivors that their ability to work was negatively impacted by an abusive partner.

Representative Kulkarni gave an overview of provisions in the proposed legislation which include evidentiary requirements, training of Office of Unemployment Insurance staff, and reporting requirements for the Secretary of the Labor Cabinet of the number of domestic violence related unemployment insurance claims filed.

Responding to a question from Representative Webber, Representative Kulkarni said 39 other states, Puerto Rico, U.S. Virgin Islands, and Washington D.C. have some type of legislation pertaining to unemployment insurance benefits for domestic violence victims. The cost to employers in other states with similar legislation has been minimal due to the low number of claims filed under the domestic violence provision. In the last two years, Connecticut reported \$169,000 being paid out in domestic violence related unemployment insurance benefits, and Montana reported a yearly average of \$25,000 to \$60,000 of domestic violence related unemployment insurance benefits being paid.

Answering a question from Representative King, Representative Kulkarni explained that the legislation would allow sworn statements provided to a human resource administrator as it pertains to the evidentiary requirement. However, considering that victims are often not comfortable disclosing information to a human resource administrator, human resource departments may not be well versed in intimate partner

abuse, or human resource departments may not want to get involved for liability reasons, Representative Kulkarni pointed out that there are various sources that would qualify as supporting documentation for the evidentiary requirement.

Replying to Representative Huff, Representative Kulkarni stated that a victim would be eligible for the same number of weeks of unemployment insurance benefits as any other unemployment insurance claimant. The victim would be eligible for benefits as long as issues stemming from the abuse persisted.

Addressing Senator Wheeler, Representative Kulkarni said the bill does not have a counseling requirement for the victim, but some other states that have similar legislation waive the unemployment insurance job search requirement to give victims the opportunity to seek counseling from a mental health professional.

Responding to comments made by Senator Southworth, Representative Kulkarni stated that the legislation is a work in progress, and a victim counseling requirement could be considered as an addition to the bill before it is prefiled. Representative Heavrin added that a compromise could be reached that could accommodate employees and employers while remaining empathetic to victims of intimate partner abuse.

Answering a question from Representative Calloway, Representative Kulkarni said the Labor Cabinet was consulted throughout the drafting process, and the processing of domestic violence unemployment insurance claims would be included in the Office of Unemployment Insurance's regular staff training.

### **Kentucky Affordable Housing Act**

As a result of the limited availability of affordable housing options across the state, Representative Bridges and members of the Commonwealth Alliance for Housing Solutions have crafted legislation that will provide workforce housing tax credits. Prior to the Covid-19 pandemic, Kentucky was about 75,000 housing units short of what would be considered sufficient, and due to obstacles created by the pandemic, housing and construction costs have increased. It has been estimated that if the state added 65,000 units, then it would generate approximately \$178 million in tax revenue for state and local governments and add 3,500 jobs.

More than 20 other states have enacted similar legislation, including Georgia. In 2016, Georgia's housing tax credit program resulted in the construction of 1,200 new housing units, generated \$150 million in local income, produced \$40 million in tax revenue, and created over 2,000 jobs. Projections for annual credits issued total about \$12.5 million, and there is a five year sunset clause that would allow for assessment of the economic impact of the program.

Tammy Stansbury, Vice President of Development for Woda Cooper Companies and Secretary of the Kentucky Affordable Housing Coalition, made comments about affordable housing compared to public housing and described the state's critical need of housing solutions for working families, veterans, senior citizens, and many others.

Former Georgia Representative Brett Harrell testified about his state's successful low income tax credit program that has led to the construction of over 136,000 living units since the program was established in 2001. Mike Hynes, the CEO of Winterwood Incorporated, briefly added that in order to attract employers to the state in the future, the housing shortage must be addressed.

Responding to Senator Wheeler, Representative Bridges stated that the housing shortage must be addressed with a workforce housing tax credit program due to the target group which includes senior citizens, veterans, and others that may be on a fixed income. Ms. Stansbury also explained the difference between market rate housing and affordable housing, noting that the tax credit will be more beneficial to investors and allow them to have lower rental prices.

Answering a question from Representative King, Representative Bridges confirmed that the program would not affect the role of county Planning, Zoning, and Building Code Enforcement offices.

### **Apprenticeship Program Update**

The Commonwealth's Registered Apprenticeship Program is housed in the Office of Employer & Apprenticeship Services of the Kentucky Career System within the Department of Workforce Investment at the Education and Workforce Development Cabinet. The program combines both on the job training and job related instruction, results in industry recognized national credentials, and develops skill specific career employees. In addition, registered apprenticeships reduce turnover rates for employers, lower the cost of recruitment, and stabilize the employer talent pipeline. State dollars and two registered apprenticeship federal grants fund the program, with one federal grant scheduled to end in June 2022 and the other ending June 2023. About 347 employers across the state participate through 590 different programs and 585 various occupations. Among the 4,165 apprentices, 8.12 percent are minorities, 16.69 percent are women, and 4.68 percent are veterans. There are also over 400 youth apprentices that participate in the Tech Ready Apprentices for Careers in Kentucky program. The Office of Employer & Apprenticeship Services of the Kentucky Career System has added 29 new programs and 44 new occupations in the current calendar year and is working to campaign for diversity, equity, and inclusion in all programs.

In response to Representative Webber, Michelle DeJohn, Executive Director of the Kentucky Career Center Office of Employer & Apprenticeship Services, stated the average

starting wage of an apprentice that has completed an apprenticeship program varies based on occupation.

### **Craft Breweries**

In the Commonwealth, there are craft brewers, craft distillers, and small farm wineries that are independently owned producers within their authorized product sector. Product sectors include beer, distilled spirits, and wine. Annual production limits to be considered craft are different for beer than distilled spirits and wine. The Alcohol and Tobacco Tax and Trade Bureau define craft, for tax purposes, as two million barrels per year. The National Brewers Association's definition of craft is six million barrels per year and the brewery must be independent. However, Kentucky defines craft microbreweries with an annual production not to exceed 50,000 barrels. The barrel limits in the Commonwealth drastically vary from other states and federal requirements. Although breweries across the state are considered to be small businesses, these establishments have a major impact on the retail, hospitality, and tourism industries. Breweries have both a direct and indirect economic impact in the Commonwealth with industry sales generating federal, state, and local revenue. Kentucky breweries generate \$872 million in annual economic activity.

Overall, U.S. beer volume sales were down three percent in 2020 while craft brewery sales declined nine percent. Throughout the pandemic, Kentucky brewers saw decreases in product volume, sales, and revenues. Disruptions in supply chains, increased costs of supplies and materials, and costs to businesses to comply with COVID-19 requirements have been obstacles for breweries. Craft brewers provide over 1,000 jobs across the state but were forced to furlough or lay off many employees due to the pandemic and are currently struggling to find employees. Despite setbacks across the industry, there are 93 craft breweries in the Commonwealth, 10 new breweries in planning, and 27 that have expanded or will expand in the next 18 months. The Kentucky Guild of Brewers would like to see statutory changes to enhance Kentucky craft brewers' ability to compete with craft brewers in bordering states, legislation that would reduce barriers for new and existing brewers, changes to the alcohol tax structure, and modernization of laws to match business practices.

Responding to Senator Wheeler, Adam Watson, the Government Relations Chairman for the Kentucky Guild of Brewers, stated that a shortage of keg and barrel sales has led to brewers having to can their product which has created a shortage of cans.

Senator Mills made comments about the struggles that breweries and other small businesses are still facing due to the COVID-19 pandemic despite other businesses already starting to recover.

Answering questions from Senator Southworth, Mr. Watson explained that some craft breweries were eligible for emergency pandemic funds. Charley Hamilton, the

President of the Kentucky Guild of Brewers, elaborated on incentives available for new breweries and said access to incentives and assistance varies for each new brewery based on location.

Replying to questions from Representative Webber, Mr. Watson said that many breweries have halted openings or expansions due to the pandemic, but he is confident that those plans will resume once the industry and economy stabilize.

Addressing a question from Representative Bechler, Mr. Watson stated there are very few brewers that currently have an issue with the 50,000 barrel limit. However, he clarified that it may become a problem for some once the industry recovers.

Responding to Representative Webber, Mr. Watson said he would need to consult with the members of the Kentucky Guild of Brewers about other legislative priorities.

There being no further business before the committee, the meeting adjourned at 10:42 a.m.