

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 6th Meeting of the 2022 Interim

November 17, 2022

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 17, 2022, at 9:00 AM, in Room 149 of the Capitol Annex. Representative Russell Webber, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Russell Webber, Co-Chair; Senators Alice Forgy Kerr, Christian McDaniel, Robby Mills, Adrienne Southworth, Phillip Wheeler, and David Yates; Representatives Shane Baker, Lynn Bechler, Josh Bray, George Brown Jr., Josh Calloway, McKenzie Cantrell, Daniel Elliott, Chris Freeland, Mark Hart, Thomas Huff, Kim King, Nima Kulkarni, William Lawrence, Scott Sharp, Ashley Tackett Laferty, and Timmy Truett.

Guests: Jeff Noel, Secretary, Cabinet for Economic Development; Katie Smith, Deputy Secretary, Cabinet for Economic Development; Kevin Smith, Chair, Kentucky Chamber of Commerce Board of Directors; Kate Shanks, Senior Vice President of Public Affairs, Kentucky Chamber of Commerce; Charles Aull, Executive Director, Kentucky Chamber Center for Policy and Research; Michael F. Fitzpatrick, Jr., Partner, Hunton Andrews Kurth LLP; Jason Bentley, MML&K; Representative Phillip Pratt; Lee Carter, Executive Director, Kentucky Horse Park; and Alston Kerr, Commission Chair, Kentucky Horse Park.

LRC Staff: Janine Coy, Audrey Ernstberger, Crystal Thompson, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the October 27, 2022, meeting was made by Representative Bray, seconded by Representative Huff, and approved by voice vote.

Cabinet for Economic Development Update

Secretary Jeff Noel discussed the Cabinet's organization, mission, and services, as well as, the Cabinet's current programs including: economic investment, tax incentives, and international investment. He explained the Cabinet's priorities and how they are

derived. Additionally, the state's electric vehicle battery manufacturing industry was highlighted along with the Cabinet's strategic and operation plans for 2023.

Answering a question from Representative King, Secretary Noel explained that the Cabinet produces monthly agriculture reports, consults with experts, has a designated agriculture liaison, and works with the Department of Agriculture to keep the agriculture industry a priority.

Responding to questions from Senator McDaniel, Secretary Noel discussed the changing geopolitical system, the Cabinet's relationship with the Department for Homeland Security, business recruitment processes, and collaboration with all involved economic development partners.

Addressing concerns expressed by Senator Howell, Secretary Noel expressed his intentions to explore options to further strengthen relief programs for businesses in the western part of the state.

Replying to Representative Truett, Secretary Noel said he would follow up with the committee about the statistics relating to jobs lost across the state in the past year and discussed business recruitment for the eastern part of the Commonwealth.

Representative Bechler made comments about the role of internal combustion engines in the transportation industry.

Kentucky Horse Park Reorganization Bill Sponsored by Representative Phillip Pratt

Lee Carter, Executive Director of the Kentucky Horse Park and Alston Kerr, Commission Chair at the Kentucky Horse Park, discussed the impact of the park's events, activities, and correlating programs offered by subsidiary organizations. Mr. Carter emphasized challenges facing the park including deferred maintenance, competing with other facilities, and staffing shortages. Ms. Kerr elaborated on the history of the facility. Mr. Lee presented details regarding the proposed legislation aimed at the park's reorganization. Changes would include expanding the Kentucky Horse Park Commission by adding members, permitting the park to use either KRS 45A for procurement or establishing its own procedures, and reporting annually to the committee.

Kentucky's Workforce Challenges and Opportunities

Kevin Smith, Chair of the Kentucky Chamber of Commerce Board of Directors; Kate Shanks, Senior Vice President of Public Affairs at the Kentucky Chamber of Commerce; and Charles Aull, Executive Director of the Kentucky Chamber Center for Policy and Research, discussed the record-breaking economic development in the state, which is complicated by the state's stagnating workforce participation. The discussion included barriers to workforce participation such as substance use disorders, limited access

to childcare, and increasing retirement rates. Policy priorities include removing barriers to work, investing in workforce training, and attracting more high-skilled workers through tax reform.

In response to a question from Representative Baker, Mr. Aull explained that although various factors affect workforce growth, some states with a higher workforce growth rate than the Commonwealth are zero income tax states and have made significant changes relating to child care and criminal justice.

Representative Lawrence made remarks regarding workforce participation in his district. The panel discussed factors that attract people to relocating to the state such as child care, cost of living, and income tax.

Replying to comments made by Senator Mills, Mr. Aull elaborated on labor market churn and the effect that federal stimulus funds are having on the workforce.

Addressing questions from Representative Cantrell, Mr. Smith agreed that workforce challenges include barriers to international and domestic migration.

Responding to a question from Representative Tackett Laferty, Mr. Aull confirmed that healthcare, logistics, and hospitality are examples of sectors that are currently combating low workforce participation and labor market churn. Addressing a follow up, he discussed considering a more regional economic development approach to workforce challenges.

Representative Brown commented on criminal records, the advantages of the state's geographic location, and the multifaceted approach the Chamber is taking to reduce challenges in the workforce.

Energy Reliability and Affordability: Kentucky's Regulatory Compact and Securitization as a Financing Tool

Michael F. Fitzpatrick Jr., a partner with Hunton Andrews Kurth LLP, and Jason Bentley of MML&K, explained state securitization bond structures and positive impact this policy tool can have on utilities operating in the state and subsequently energy reliability and affordability. In addition, the history and the current status of the securitization bond market were discussed.

There being no further business before the committee, the meeting adjourned at 11:01 a.m.