

# **INTERIM JOINT COMMITTEE ON LICENSING, OCCUPATIONS, AND ADMINISTRATIVE REGULATIONS**

## **Minutes of the 1st Meeting of the 2022 Interim**

**June 2, 2022**

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

The 1st meeting of the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations was held on Thursday, June 2, 2022, at 10:00 AM, in Ballrooms D&E, Northern Kentucky Convention Center. Senator John Schickel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Adam Koenig, Co-Chair; Senators Julie Raque Adams, Donald Douglas, Jason Howell, Christian McDaniel, Gerald A. Neal, Michael J. Nemes, Damon Thayer, and Reginald Thomas; Representatives Kim Banta, Tom Burch, Patrick Flannery, Al Gentry, Keturah Herron, Thomas Huff, Matthew Koch, C. Ed Massey, Chad McCoy, Michael Meredith, Kimberly Poore Moser, Phillip Pratt, Killian Timoney, and Susan Westrom.

Guests: Kevin R. Winstead, Commissioner, Department of Professional Licensing, Kentucky Public Protection Cabinet; Darryl Thompson, Kentucky State University; Mollie Lewis, Director of Sales, New Riff Distilling; Peggy Payne Montgomery, Owner, Verona Vineyards; Joe Dan Beavers and Eric Embry, Lifeskills, Incorporated; Brent Cooper, President & CEO, Northern Kentucky Chamber of Commerce; Chip Bach, General Manager, Turfway Park; Jake Rouse, Co-Founder & CEO, Braxton Brewing Company; and Denise Logsdon, Former Member, Kentucky Board of Licensure for Massage Therapy.

LRC Staff: Bryce Amburgey, Jasmine Williams, Wendy Craig, CaraBell Preece, and Lisa W. Moore

### **Welcome from the Northern Kentucky Chamber of Commerce**

Brent Cooper, President and CEO, Northern Kentucky Chamber of Commerce, welcomed the members to Northern Kentucky. There are 450,000 people in the region and growing through tourism from visitors from Ohio, Indiana, and other surrounding areas. Northern Kentucky is an important economic engine for the Commonwealth of Kentucky.

Chairmen Schickel said how proud he was of Northern Kentucky's growth, particularly Boone County. Located in the largest bend of the Ohio River, a few miles downstream from Cincinnati, Boone County is the northernmost county in Kentucky. It is

one of the fastest growing counties in Kentucky, and industry and commercial development are flourishing. The county's geographic diversity provides an excellent quality of life.

Chairman Koenig acknowledged local leaders and invited members to stay and visit and spend local tourism dollars. He also discussed the recent renovation of Turfway Park and other Northern Kentucky attractions that contribute to Kentucky's economy.

Senator Thayer introduced Senator-elect Matt Deneen, who will represent the 10<sup>th</sup> Senate District upon Senator Parrett's retirement. He was in attendance to observe the committee process.

### **Discussion of the Racing Industry in Northern Kentucky**

Chip Bach, General Manager, Turfway Park, showed the committee a short video about Turfway's history and expansion. He encouraged members to tour the newly renovated Turfway Park, and thanked them for the passage of House Bill 607, which he credited as saving horse racing in Kentucky.

Mr. Bach said Churchill Downs bought the property in 2019, followed by Kentucky legalizing historical horse racing in 2021, and that Turfway Park will open its gaming facility featuring 840 historical horse racing machines to guests on September 1, 2022.

Mr. Bach said live racing has continued at Turfway throughout the past few years, despite construction and the COVID-19 pandemic. There just has been no one present to watch it, besides personnel, jockeys, trainers, and owners. That will change starting in late November, as guests will return for live races, which will run through the end of March 2023. He noted guests will see a whole new product in early December that will much better represent the Kentucky brand. Even without fans in attendance, Turfway Park's handle, which is the amount of money bet on races there, has grown by 34 percent. The \$150 million project will offer the largest simulcast area in Kentucky, along with doubled and tripled purses.

Responding to a question from Senator Thayer about the new barns and dormitories, Mr. Bach said Churchill Downs is investing \$26 million in the barns along the backside. Older dormitories will be torn down and replaced with a new two-story dormitory housing 164 occupants, along with five new barns. It is an aggressive timeline, but the goal for project completion is December 2022. Mr. Bach noted racing is no longer just for the wealthy, but for hard-working people in the industry who love the sport.

Representative Burch discussed the changes at Turfway Park since visiting in 1975. He said he was excited to see the positive changes in the facility and industry.

### **Discussion of the Alcoholic Beverage Industry in Kentucky**

Senator Schickel said small farm wineries have transformed rural Kentucky and are facing the most challenges, which he plans to address. He also said craft breweries are thriving, and the bourbon distillers have made tremendous progress through private sector donations.

Peggy Payne Montgomery, Owner, Verona Vineyards, discussed the challenges facing small farm wineries. An important goal for any small farm winery is the ability to sell its products in local restaurants. This change would promote tourism, and would only apply to local, not chain, restaurants. Self-distribution continues to be a challenge, and one case of wine a month seems reasonable. It can be difficult to find a distributor to transport such small amounts into the cities.

Ms. Montgomery said Verona Vineyards prides itself on producing hand-crafted wines that have character and quality. She is happy to promote agriculture tourism and the Kentucky Proud experience by utilizing a NQ2 license. This license allows her small farm winery to sell other alcoholic beverages, and she has been very successful adding bourbon sales. A holder of an NQ2 retail drink license may purchase, receive, possess, and sell alcoholic beverages at retail by the drink. The licensee shall only purchase alcoholic beverages from licensed wholesalers or distributors. She said the problem with the NQ2 license is that 50 percent of the sales must also come from food, which is unrealistic and problematic when offering high-end bourbons. She usually provides a huge cheese and fruit board to meet this requirement, which is quite costly.

Ms. Montgomery also encouraged the Kentucky Chamber of Commerce, and other Kentucky small businesses, to support the 70 wineries within Kentucky when hosting events. She said special events are a great way to advertise and promote Kentucky wineries instead of using California wines. Senator Schickel encouraged all attendees and KET viewers to visit and support Kentucky's small farm wineries, and noted there are four in Boone County.

Mollie Lewis, Director of Sales, New Riff Distilling, thanked the committee members for their hard work and passage of House Bill 500 in the Regular Session of the 2022 General Assembly, which she considers the most important legislation passed in the in the last 20 years for the industry. It established the ability for exclusive bottling, customer engagement experiences, and the establishment of satellite locations to help facilitate tourism to New Riff and Northern Kentucky.

Jake Rouse, Co-Founder & CEO, Braxton Brewing Company, said it is the nation's fourth fastest-growing craft brewery. The company attributes its success coming into 2020 to its hard seltzer brand, the opening of its rooftop in Covington, and its dedicated barrel-aging brewery and taproom in Fort Mitchell. Braxton Brewing is highly innovative and adapts to compete globally.

Mr. Rouse said beer production is down nationally, and the pandemic did not help. Record inflation and supply chain issues continue to present challenges. Braxton remains focused to rising above the difficulties and continuing to thrive and adapt.

**Review of Administrative Regulation 201 KAR 42:020**

**201 KAR 42:020. Fees.** Kevin Winstead, Commissioner, Department of Professional Licensing, and Denise Logsdon, Former Member, Kentucky Board of Licensure for Massage Therapy, represented the board and explained the administrative regulation and the proposed amendment.

Responding to a question from Senator Schickel regarding raising fees, Mr. Winstead said fees were set by statute in 2003 and expired in 2021. The fee increases are necessary for the Kentucky Board of Massage Therapy to continue operating in an effective manner. There will be a \$75 fee for new applications, and a \$100 renewal fee.

Chairman Koenig made a motion, seconded by Representative Timoney, to approve the following amendments: to amend Section 2 to make the late renewal period end at 90 days after the expiration of a massage therapist license and to require license reinstatement 91 days or more after the expiration of a massage therapist license. Without objection, and with agreement of the agency, the amendments were approved by voice vote.

With no further business before the committee, the meeting adjourned at 10:45 a.m.