

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENERGY

Minutes of the 2nd Meeting of the 2025 Interim

July 24, 2025

Call to Order and Roll Call

The second meeting of the Interim Joint Committee on Natural Resources and Energy was held on July 24, 2025, at 1:00 PM in Room 154 of the Capitol Annex. Representative Jim Gooch Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators Gary Boswell, Greg Elkins, Rick Girdler, Keturah Herron, Scott Madon, Robin L. Webb, Stephen West, Phillip Wheeler, and Gex Williams; and Representatives Shane Baker, Jared Bauman, John Blanton, Adam Bowling, Randy Bridges, Myron Dossett, Patrick Flannery, Chris Fugate, Erika Hancock, DJ Johnson, Bobby McCool, Adam Moore, Tom Smith, Mitch Whitaker, Richard White, and Wade Williams.

Guests: Shannon Hall, Executive Advisor, Department for Community Based Services, Cabinet for Health and Family Services; Rick Baker, Executive Director, Community Action Kentucky, Inc.; Heather Jeffs, Director of External Affairs, The Nature Conservancy (TNC); and David Phemister, State Director, Kentucky, TNC.

LRC Staff: Stefan Kasacavage, Kayla Carroway, Tanya Monsanto, and Rachel Hartley.

Approval of minutes for the meeting of June 18, 2025

A motion to approve the June minutes was made by Representative Blanton and seconded by Representative Dossett. The minutes were approved by voice vote.

Presentation and Public Hearing on the Low-Income Home Energy Assistance Program (LIHEAP) Block Grant Application - Federal Fiscal Year 2026

Shannon Hall, Executive Advisor, Department for Community Based Services (DCBS), Cabinet for Health and Family Services, stated that LIHEAP was established in 1982 to assist low-income households with high energy costs. LIHEAP is entirely federally funded, with \$43.4 million provided to Kentucky in fiscal year 2025 and an anticipated \$58 million for fiscal year 2026. LIHEAP provides benefits such as bill payment assistance

for heating and cooling, crisis assistance to avoid utility shut-offs, and weatherization activities to improve home energy efficiency.

Rick Baker, Executive Director, Community Action Kentucky, Inc. (CAK), stated LIHEAP is administered by DCBS and passed through to CAK, which operates in partnership with 24 community action agencies across the state.

Co-Chair Smith commended LIHEAP and Mr. Baker's years of service to the Commonwealth. Chair Gooch echoed his comments.

In response to Representative Johnson, Mr. Hall stated "Assurance 16" is a program, which aims to reduce the energy burden for LIHEAP applicants through energy and conservation strategies. Mr. Baker stated in recent years there has been sufficient funding for LIHEAP with additional funding sources, such as the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.

In response to Representative McCool, Mr. Baker stated a home is assessed after weatherization to determine if the improvement yielded long-term energy savings. The prevalence of substandard housing in Kentucky means many homes remain on waiting lists for weatherization services.

In response to Representative Moore, Mr. Baker stated the assistance amounts are set statewide and are not specific to localities. Representative Moore stated Kentucky is projected to experience a significant increase in energy rates and expressed concern about potential impacts on energy costs from recent federal legislation.

Chair Gooch stated energy costs have increased due to federal regulations regarding electric utility fuel shifting.

Senator Herron requested data on the demographics of program beneficiaries, specifically the ratio of renters to homeowners.

In response to Senator Herron, Mr. Hall stated there is high demand for energy assistance so Kentucky may have to fill in gaps in federal funding. The upcoming federal appropriations bill will be a critical point for future funding.

A motion was made by Representative Blanton and seconded by Co-Chair Smith to approve the Findings of Fact for the LIHEAP State Plan for Federal Fiscal Year 2026, including the finding that the block grant application meets the standards and criteria set out in KRS 45.353. The motion passed by voice vote.

Discussion of Conservation Opportunities in Kentucky

Heather Jeffs, Director of External Affairs, The Nature Conservancy (TNC), stated TNC's mission is to conserve land and waters through voluntary programs. In 2022, the General Assembly included an appropriation of \$3.875 million to the Kentucky Department of Fish and Wildlife Resources (KDFWR) to purchase a conservation easement for the Cumberland Forest Project.

A needs assessment report identified gaps in conservation funding compared to neighboring states, revealing that Kentucky ranks low in both number of conservation programs and funding levels.

There are economic benefits of conservation, including tourism, agriculture, and forestry, which support thousands of jobs and generate significant revenue. Kentucky has two main conservation programs, the Kentucky Heritage Land Conversation Fund, and the Purchase of Agricultural Conservation Easements program.

Ms. Jeffs emphasized funding mechanisms, such as an additional sales tax on sporting goods, that could enhance conservation funding in Kentucky. Texas adopted a constitutional amendment to dedicate a portion of state revenue from sporting goods sales to conservation efforts, which generated \$249 million in 2023.

TNC's feasibility research identified best practices that could unlock further opportunities for conservation funding, such as conservation tax credits, public-private partnerships, and state incentives for local conservation efforts. TNC plans to update its public opinion research on conservation funding, with previous polling showing strong support among Kentuckians and surrounding states.

Senator Boswell highlighted the disparity in hunting fees between Kentucky and other states, suggesting that adjusting these fees could provide additional funding for conservation.

In response to Senator West, David Phemister, State Director, Kentucky, TNC, stated TNC does not directly receive funds from carbon credits. However, TNC manages projects like the Cumberland Forest Project, which generates revenue through carbon credits. KDFWR's Fee-In-Lieu-Of Mitigation Fund (FILO) allows developers to contribute to the FILO fund to implement stream restoration projects that offset the environmental impacts of their developments.

In response to Representative Whitaker, Ms. Jeffs stated that conservation and economic development are interconnected. The focus should be on accessible public lands that promote outdoor activities and attract tourism, rather than solely on land acquisition.

Adjournment

There being no further business, the meeting was adjourned.