

INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION TECHNOLOGY

Minutes of the 2nd Meeting of the 2019 Interim

July 11, 2019

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Thursday, July 11, 2019, at 3:00 PM, in Room 154 of the Capitol Annex. Representative Tommy Turner, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Tommy Turner, Co-Chair; Senators Rick Girdler, Ernie Harris, Wil Schroder, Reginald Thomas, Mike Wilson, and Max Wise; Representatives Lynn Bechler, Terri Branham Clark, George Brown Jr., Jeffery Donohue, Chris Freeland, Chris Fugate, Jim Glenn, Robert Goforth, Jim Gooch Jr., David Hale, Richard Heath, Cluster Howard, Kim King, Bobby McCool, Michael Meredith, Charles Miller, Ruth Ann Palumbo, Josie Raymond, Brandon Reed, Maria Sorolis, Cherlynn Stevenson, Ashley Tackett Laferty, Nancy Tate, and Les Yates.

Guests: Victor Slone, Martin County Magistrate; Chris Musgrave, Interim Executive Director, Kentucky Mountain Regional Recreation Authority; Jerry Stacy, President, Kentucky Mountain Regional Recreation Authority; Matt Wireman, Treasurer, Kentucky Mountain Regional Recreation Authority; Frank Jemley, Chief of Staff, Tourism, Arts, and Heritage Cabinet; John Cox, Communications Director, Tourism, Arts, and Heritage Cabinet; Laura Prewitt, Executive Director, Kentucky Horse Park; Kim Baker, President and CEO, Kentucky Center for the Performing Arts; Rich Storm, Commissioner, Department of Fish and Wildlife; Karen Waldrop, Deputy Commissioner, Department of Fish and Wildlife; Kevin Kelly, Public Information Officer, Department of Fish and Wildlife, and Brian Clark, Chief of Staff, Department of Fish and Wildlife.

LRC Staff: Carla Montgomery, Andrew Manno, Chip Smith, Candice Messer, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the June 06, 2019 meeting was made by Representative Chris Fugate, seconded by Senator Wil Schroder, and approved by voice vote.

Rails to Trails

Representative Chris Fugate and members of the Kentucky Mountain Regional Recreation Authority gave an update of the program. Representative Fugate said he and members of the Authority have looked to the Hatfield and McCoy Trail System in West Virginia as an example for the Kentucky Mountain Regional Recreation Authority. Last year the Hatfield and McCoy Trail System generated \$2.1 million in permit fees and had 51,000 visitors, 85 percent of which came from outside a 100 mile radius of the trail system. Representative Fugate detailed other statistics of West Virginia's trail system and said that the development of Eastern Kentucky's trail system could create major tourism and economic development opportunities. He stated that he hopes in the 2020 Regular Session the General Assembly can appropriate funds for the Authority, including hiring a permanent executive director.

Interim Executive Director Chris Musgrave said that in May of 2019 the Authority had a foundational meeting to establish the board members and have had two other meetings. Mr. Musgraves has accomplished everything thus far as a volunteer but cannot continue on as the permanent executive director. He was recently appointed as the Chief of Staff for the Department of Local Government which will be a conflict of interest. With a full time executive director, the Authority will be able to move forward with finalizing arrangements with existing trails, setting up accounts with the Finance and Administration Cabinet, obtaining insurance, among other things. The Authority would like to be a self-sustaining entity that operates without interference from the General Assembly. Thus far, all counties involved have verbally agreed to contribute \$5,000 initially for the hiring of an executive director. At the Authority's last board meeting it was decided it would form a 501(c)(3) to seek private funding. Mr. Musgraves pointed out that the way the legislation was written, there are many other recreational opportunities possible besides ATV trails such as bicycle trails, horse trails, blue water trails, and historic and cultural sites.

The President of the Authority, Jerry Stacy said that the economic impact in West Virginia from the trail system was \$23 million. The creation of that type of economic impact would be extremely beneficial after the loss of coal mining jobs in the region. The trail system will begin to generate revenue along with the creation of other entrepreneurial and investment opportunities. All 35 counties involved with the Authority have pledged to find funds in their budgets to help assist with the endeavor. Matt Wireman, said that recreational opportunities are imperative to the distressed counties in Eastern Kentucky. Establishing the trail system and other supporting businesses will help to draw in more visitors, create jobs, and add new money into the economy.

In response to Representative Bobby McCool, Representative Chris Fugate said that the trail system in West Virginia had been funded through permit sales and support from the state legislature, but it will take time to start selling permits for the trail system in Eastern Kentucky. The trails in the various counties have to be connected and marked. In addition, land agreements have to be established with property owners. Once those steps

are taken, permits can begin to be sold to the trails. Mr. Musgrave added that West Virginia generates substantial revenue from paraphernalia sales from the Hatfield and McCoy Trail System. Answering another question, Mr. Musgraves said the Authority was set up to be a non-taxing special purpose governmental entity.

Replying to Representative Lynn Bechler, Representative Fugate stated that \$1 million over the two year budget cycle would be requested from the state General Assembly in the coming Regular Session to get the trail system off the ground. Representative Fugate said that the goal is to connect all of the trails legally with permission from land owners. He said eventually the Authority would like to connect the trails of Eastern Kentucky to the Hatfield and McCoy Trail System in West Virginia and the Spearhead Trails in Virginia to create a three state system.

Answering a question from Representative David Hale, Representative Fugate confirmed that there are 35 counties in the Authority, and it has a board that includes nine county representatives which is either a county judge executive or a designee. Those nine board member seats will be rotated each year, going in alphabetical order of the county. In addition, the board includes the Secretary of the Tourism, Arts, and Heritage Cabinet; the Commissioner of the Department of Local Government; the Commissioner of the Department of Fish and Wildlife; a nonvoting state Representative; and a nonvoting state Senator. Co-Chair Tommy Turner added that some county fiscal courts in the eastern part of the state requested to be included in the legislation that were not originally involved.

Addressing a question from Representative Michael Meredith, Representative Fugate explained that West Virginia's state legislature gave \$1 million for liability insurance and its Authority purchased an additional \$9 million of coverage, but the Authority assumes all liability and all private land owners receive sovereign immunity. Representative Meredith pointed out the recent federal court rulings that may have some effect on waiver systems for places that charge a fee to use their facilities.

Representative Cherlynn Stevenson commended the idea of creating a trail system because it can add to the economy through adventure tourism in the eastern part of the state. She said that tourism revenue is often not capitalized on in the Commonwealth.

Responding to a question from Representative Terri Branham Clark, Representative Fugate confirmed that it is planned for all trails in the 35 counties listed in statute to be connected, including her district of Boyd County.

Replying to Representative Robert Goforth, Mr. Musgraves said that he does not have a complete list of contact information for all 35 county representatives to send meeting notifications to yet, which highlights the need for a full time executive director.

Representative Ashley Tackett Laferty made remarks about the development of the trail system and the possible economic opportunities it can create for the distressed counties of Eastern Kentucky which could create other adventure tourism activities, restaurants, shops, and supporting businesses.

Tourism, Arts, and Heritage Cabinet

Frank Jemely, Chief of Staff for the Cabinet, stated that information requested at a previous meeting regarding the return on investment of a \$150 million proposal for renovations to state parks had been dispersed to members. He said that by August 1, 2019 members of the General Assembly would be provided with a list of completed, planned, and current projects of the Department of Parks.

Kentucky Horse Park

The Executive Director of the Kentucky Horse Park, Laura Prewitt, gave an overview of the economic impact of the park, new events at the park, and future events. A 2016 analysis showed that the park has an annual economic impact of over \$130 million to the Commonwealth. That impact is attributed to the park's events, tourists, and campgrounds. The park holds over 200 equine and non-equine events each year, with six new events being added in 2019. Those events included the first park owned horse show, The Kentucky Horse Park Spring Opener. The park has hosted almost 20,000 horses this year, which means the people working with and coming to see those horses are spending money in Central Kentucky at hotels, restaurants, shops and other local businesses.

Although the park has added several new revenue streams, the staff has been focused on some international events such as the German based Equitana that will be held at the Park in 2020. The three day event is expected to bring at least 30,000 to the Park some of which will stay at the park's campground. The park's campgrounds welcome an average of 40,000 campers a year that come from all 50 states, but Kentucky residents account for 44 percent of reservations. In addition, group tours and horseback riding have become a renewed focus which has showed a 10 percent increase in revenue. Ms. Prewitt closed by detailing an online ticket solution that will allow visitors to purchase daily, annual, and parking passes online beginning in early August 2019.

Kentucky Center for the Performing Arts

The President and CEO, Kim Baker, outlined the history, operation, and an upcoming venue opening of the Center. In 1980 the General Assembly and Governor John Y. Brown developed a plan to build the \$33.5 million Center through a public private partnership in which the state would provide partial funding, a foundation would provide partial funding, and a portion of the Louisville transient room tax would also fund the operation of the Center. It was established as a 501(c)(3) to promote the growth and development of the arts while serving as a catalyst for tourism and talent attraction. The board of directors are appointed by the governor and the center is administratively attached to the Tourism, Arts, and Heritage Cabinet. The Kentucky Center for the Arts Corp was

also created, in conjunction with the Finance and Administration Cabinet, to supervise construction of the center and provide all management functions for facility or any other property acquired or leased. The center is not included in the state's personnel or pension systems and is considered a component unit of the Commonwealth. Sources of funds for the fiscal year 2020 budget included two percent from the Governor's School for the Arts state appropriation, one percent from a state maintenance pool, 19 percent from the Louisville transient room tax, 10 percent from contributed income, and 68 percent through center operations. The budget in 1983 was \$3 million and the budget for fiscal year 2020 is approximately \$25 million.

The Kentucky Center for the Arts Corp has a family of venues that included the Kentucky Center, the Brown Theater on Broadway, and the Old Forester's Paristown Hall. The Kentucky Center houses Whitney Hall, Bomhard Theater, and MeX Theater. The Brown Theater was purchased by the center in 2018 and the Old Forester's Paristown Hall opens to the public July 23, 2019. Old Forester's Paristown Hall is a 2,000 person standing room and part of a larger \$32 million development project that is receiving tourism tax incentives. The venue is financed through private donations and a private commercial loan which will be maintained by the Kentucky Center for the Arts Foundation. It will attract national music artists with local, regional, and national audiences while driving tourism dollars to the area. Ms. Baker reiterated that no state tax dollars were used to build the Old Forester's Paristown Hall. She closed by giving an overview of the Kentucky Center Governor's School for the Arts (GSA), which has been hosted over the years at Bellarmine University, Centre College, Transylvania University, and University of Kentucky. GSA has 98 percent of its students attend college with 92 percent receiving a scholarship averaging \$20,000.

Department of Fish and Wildlife

Department leadership gave overviews and updates. The Department uses various platforms to relay information to the public including Kentucky Afield Television, which is the longest continuously-running outdoors television show in the country, Facebook, Twitter, and YouTube. Although Kentucky Afield Television draws 250,000 viewers each month, the most growth has been with YouTube page which receives 12 million views a year. The Department has created 25 information videos this year that have garnered 350,000 Facebook views. Available on its website are statewide news releases, meeting agendas, video archives of committee and commission meeting, and quarterly financial reports. Another communication medium that has been expanded is GovDelivery, which is a communication tool that will allow the Department to engage customers and staff by email.

Some of this information dispersed to citizens includes details regarding the Asian carp crisis that the state is currently facing. Black, bighead, and silver carp have been infesting the lakes and rivers for the past several years. One solution has been the creation of a bio-acoustical fish fence that will be installed by the end of 2019 at Lake Barkley.

These fences will use bubble fences and a sound deterrent to prevent the fish from continuing to travel any further. This effort is a collaboration with the U.S. Fish and Wildlife Service, the United States Geological Survey, the Tennessee Wildlife Resources Agency, and the United States Army Corps of Engineers through a three year research grant. The Department also recently began contracting with commercial fishermen to remove carp around the Louisville area through a \$400,000 grant from the U.S. Fish and Wildlife Service. Nine commercial fishermen are already under contract and in a one day pulled out 8,000 pounds of fish from the Ohio River. The Department has also partnered with the Kentucky Fish Center to help combat the massive number of carp. The Kentucky Fish Center is a private business whose goal is remove five million pounds of carp from waterways by the end of 2019. Deputy Commissioner Karen Waldrop highlighted a press release that had just been issued which said the U.S. Fish and Wildlife Service would dedicate personnel and equipment to the state to combat the carp infestation, specifically deploying its unified method which is a combination of sound and specialized netting.

Chronic wasting disease (CWD) was also discussed which is a neurological disease that effects deer, moose, and elk. It is a contagious prion disease that causes deterioration of the brain and causes the animals to become emaciated, lose their fear of humans, react erratically, and can eventually be fatal. CWD has not been found in the Kentucky but has been found in six out of seven of the surrounding states. Due to the proximity of known cases in other states, forward planning is being utilized through the department's communication team. Community forums have been held in the western, eastern, and northern parts of the state to give information about how to prevent CWD from crossing into the Commonwealth.

Boater safety is currently being focused on, specifically the use of alcohol and wearing life jackets which are the top two factors in causes of boat fatalities. Public service announcement videos have been created by the Department and posted on social media to bring awareness to boating safety. Kentucky law requires each occupant of a boat to have a life jacket. Boating safety educational videos are available on the department's website, and a boating safety coordinator was recently hired. Department Chief of Staff Brian Clark thanked members for the passage of HB 248 during the 2019 Regular Session that gives conservation officers added authority to make boating under the influence arrests based on probable cause.

Commissioner Rich Storm closed by detailing the department's summer camp program. More than 250,000 people have taken part in the summer camp programs over the years. There will be 4500 kids ranging in ages of 10 to 13 to attend during the summer 2019. The campers will learn about nature, archery, boating, outdoor survival, firearm safety, fishing, and swimming. At the close of camp, the children can obtain completion patches and their hunter education card. The program staffs a director, educators, superintendents, and maintenance workers and has 8 air-conditioned cabins per camp that

hold 25 to 30 campers. The yearly budget of the program is \$1 million which is about \$300 per camper.

Representative Ruth Ann Palumbo thanked Ms. Prewitt for what the Kentucky Horse Park has done in for the economy in her district.

Replying to a question from Co-Chair Tommy Turner, Commissioner Rich Storm stated that historically CWD has been transmitted from both wild herds and commercial farms. He said the zones of cases are hard to track because of the unpredictability of tracking the animals. Three cases in surrounding states are within 100 hundred miles of the state lines. The Commissioner explained that it can take over a year before a case is discovered. Commissioner Storm said it may be time revisit commercial deer farm legislation, and the department has planned to put together another deer working group to combat CWD.

Responding to Representative Charles Miller, Deputy Commissioner Karen Waldrop explained that dock permits are usually obtained through the department but there are certain cases when they would be obtained from United States Army Corps of Engineers depending on the location of the dock.

Representative Chris Fugate expressed his gratitude to the commissioner and the department for the success of the summer camp program in Perry County.

Addressing Representative Michael Meredith, Commissioner Rich Storm said the Department is fully supportive of double fencing of deer farms in an effort to prevent CWD.

Answering a question from Co-Chair Tommy Turner, Deputy Commissioner Karen Waldrop said because prions have been found in urine this can be a way to transmit CWD. Some states have banned urine unless in the synthetic form. Responding to another question, Commissioner Rich Storm said the economic impact of deer hunting industry in the state is \$550 million.

Replying to Representative David Hale, Deputy Commissioner Karen Waldrop said that there are over 20 full time commercial fishermen in total working on the Asian carp issue but more are needed. Answering another question, she said that the market is there for the carp that are being harvested. Commissioner Rich Storm said there has been interest from the lobster bait industry.

Representative Kim King spoke of her personal experience with the Department's summer camp program.

Co-Chair Danny Carroll expressed his appreciation of the Department's summer camp programs and thanked the Commissioner and Department on behalf of his constituents for their work on the carp crisis.

Representative Lynn Bechler stated that there have been a lot of entrepreneurial efforts made in his district and surrounding areas to deal with the Asian carp including carp concrete.

Co-Chair Tommy Turner announced that will be a Subcommittee on Economic Development, Small Business, and Information Technology meeting on July 19, 2019 in Northern Kentucky, and the next meeting of the full Interim Joint Committee on Tourism, Small Business, and Information Technology will be on August 22, 2019 at the Kentucky State Fair.

There being no further business, the meeting was adjourned at 4:52 p.m.