

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

Minutes of the 6th Meeting of the 2020 Interim

November 20, 2020

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Friday, November 20, 2020, at 1:00 PM, in Room 171 of the Capitol Annex. Senator Danny Carroll, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Phillip Pratt, Co-Chair; Senators Karen Berg, Denise Harper Angel, Alice Forgy Kerr, Wil Schroder, Mike Wilson, and Max Wise; Representatives Lynn Bechler, Tina Bojanowski, Terri Branham Clark, George Brown Jr, Jeffery Donohue, Deanna Frazier, Chris Freeland, Chris Fugate, Robert Goforth, Jim Gooch Jr., David Hale, Richard Heath, Cluster Howard, Kim King, Michael Meredith, Ruth Ann Palumbo, Josie Raymond, Brandon Reed, Bart Rowland, Steve Sheldon, Maria Sorolis, Cherlynn Stevenson, Ashley Tackett Laferty, Nancy Tate, Richard White, and Rob Wiederstein.

Guests: Nancy Allen Turner, President, Kentucky Association of Convention and Visitors Bureaus; Karen Williams, President and CEO, Louisville Convention and Visitors Bureau; Mary Hammond, Executive Director, Paducah Convention and Visitors Bureau; Lisa Lee, Commissioner, Department for Medicaid Services; Pam Smith, Director, Division of Community Alternatives; Jennifer Harp, Executive Director, Office of Application Technology Services; and Kelli Rodman, Legislative Liaison, Cabinet for Health and Family Services.

LRC Staff: Andrew Manno, Audrey Ernstberger, Drew Baldwin, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the October 29, 2020, meeting was made by Co-Chair Phillip Pratt, seconded by Representative David Hale, and approved by voice vote.

Update on Local Tourism

The tourism industry is an important part of the Kentucky's economy. Tourism is a key driver of business, sales, and employment, and contributes largely to tax revenue. In

2020 the industry supported over 95,000 jobs and visitor spending generated \$11.8 billion to the state's economy which equated to \$1.5 billion in tax revenue and \$825 million benefiting state and local governments. 2020 was estimated to be a record breaking year for the state tourism industry, but the COVID-19 pandemic caused industry employment, revenues, and spending to plummet. At one point during the pandemic, approximately 75 percent of the industry's workers were either laid off or furloughed. The travel industry across the U.S. will see a total economic loss of an estimated \$1.2 trillion. Since February, Kentucky has lost \$4 billion in visitor spending, \$300 million in federal tax revenue, \$132 million in state tax revenue, and \$46 million in local tax revenue. State hotel occupancy rates are down 35 percent compared to 2019, and average daily rates are down 21 percent. Nationally, 71 percent of hotels in the country will not be able to sustain another six months without additional relief from the federal government. Convention and visitors bureaus were unable to receive CARES Act funding through the Paycheck Protection Program. Therefore, it is vital to the tourism industry to maintain the existing statewide 1 percent transient room tax, local transient room tax, and local restaurant tax.

Update on Louisville Convention and Visitors Bureau

The transient room tax in the city of Louisville is 16.07 percent, and the Louisville Convention and Visitors Bureau receives 4.5 percent of those revenues which makes up 92 percent of the organization's funding in a typical year. As a result of the pandemic, 100 percent of the organization funding is coming from its 4.5 percent of transient room tax revenue. The remainder of the city's transient room tax is divided amongst state sales tax, the Kentucky International Convention Center bond, state lodging tax, the Kentucky Center for the Arts, and incremental tax. The budget for the upcoming fiscal year of 2021 for the Louisville Convention and Visitors Bureau was slated to be \$24.9 million, but after three cuts the revised budget is now \$10.9 million. Of the approximately 60,000 hospitality workers in Louisville, 50 to 60 percent have been furloughed or laid off. From March 2020 to June 2021, 353 groups had either postponed or cancelled events that had been scheduled, which represents a total economic loss of \$353 million and 408,378 hotel room nights. From March 2020 to June 2020, Louisville lost 2,132,006 attraction attendees based on the average attendance for the top 20 attractions and distilleries from the same time period in 2019.

Update on Paducah Convention and Visitors Bureau

The Paducah Convention and Visitors Bureau seeks to create new economic opportunities through destination marketing, destination management, and tourism development. Paducah is a certified U.S. Creative City by the United Nations Educational, Scientific, and Cultural Organization for its craft and folk art. Although COVID-19 has affected tourism in the area, Paducah has seen international visitors throughout the pandemic. There has been an increase in relocation inquiries from those wanting a safe place to work remotely and young adults seeking to return to their hometown. However, hotel occupancy for the first quarter of 2020 was down 18 percent compared to the first quarter of 2019. The Paducah Convention and Visitors Bureau has followed the lead of

Kentucky Department of Tourism and embraced new platforms and technology to continue informing the public about the city of Paducah.

Answering a question from Co-Chair Danny Carroll, Karen Williams, President and CEO of the Louisville Convention and Visitors Bureau, stated that all of the information presented regarding business lost was related to the COVID-19 pandemic. During the social unrest in Louisville, the Louisville Convention and Visitors Bureau did reach out to its clients. Some summer business was lost due to people avoiding the Downtown Louisville area.

Replying to Representative Steve Sheldon, Ms. Williams said that any CARES Act funding that may be given to visitors bureaus in the future would be used for marketing and advertising. Nancy Allen Turner, President of the Kentucky Association of Convention and Visitors Bureaus, added that it would be tremendously helpful if the CARES Act funding that was allotted to restaurants and bars upon having to close indoor dining could be expanded to other hospitality and tourism industry partners.

Representative George Brown thanked Ms. Williams and the Louisville Convention and Visitors Bureau for using the term social unrest. He made the point of distinguishing social unrest from riots. Mary Hammond, the Executive Director of the Paducah Convention and Visitors Bureau, indicated the importance of supporting cultural organizations and embracing diversity.

Addressing Representative Lynn Bechler, Ms. Williams stated that one of the charts shown in her presentation displays the average monthly transient room tax for Louisville and a decline began in March 2020.

Responding to a question from Representative Chris Freeland, Ms. Turner emphasized the need for funding to relieve travel and tourism industry partners. There have been a vast number of industry partners that have had to lay off workers or close their businesses.

Co-Chair Danny Carroll stressed that peaceful and lawful social unrest will not have a major impact on the tourism industry, but riots will cause issues.

Update on Cabinet for Health and Family Services Technology Initiatives

The Office of Application Technology Services (OATS) within the Cabinet for Health and Family Services (CHFS) is responsible for providing CHFS agencies information technology support for cabinet information technology solutions such as design, development, maintenance, operations, technical support, project management, and oversight of vendor developed information technology solutions. OATS manages cabinet systems such as the Integrated Eligibility and Enrollment Solution system, the Medicaid Management Information System, the Medicaid Waiver Management Application, the

Kentucky Medicaid Provider Portal Application, the Kentucky Contact Tracing and Tracking system, the Kentucky Automated Support Enforcement System, and many more. A number of COVID-19 related enhancements have been made to some systems in rapid response to federal regulations and leadership direction. Most systems throughout receive regular updates to improve functionality and utilization.

Answering a question from Co-Chair Danny Carroll, the Director of the Division of Community Alternatives, Pam Smith, stated the Medicaid Waiver Management Application (MWMA), which supports end-to-end system processes for Home and Community Based Waiver Programs, recently received implemented changes that allows direct access for service providers. Future updates will include waiver redesigns and providers will be consulted. In response to a follow up question, Jennifer Harp, the Executive Director of OATS, indicated that CHFS has received files from the Office of Unemployment Insurance on individuals receiving unemployment insurance benefits. Staff with OATS has been in contact with those individuals to ensure they are aware of other available benefits and resources through CHFS.

Replying to Representative Kim King, Ms. Harp explained that a person under investigation by the Department for Public Health and local health departments in regards to the Kentucky Contact Tracing and Tracking system may be an individual who has potentially tested positive for COVID-19 but more information is needed for contact tracing purposes.

Senator Karen Berg made comments about the importance of the work the CHFS does with Medicaid and Medicare reimbursements due to the high costs to physicians for billing private insurance companies.

There being no further business, the meeting adjourned at 2:27 p.m.