

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

Minutes of the 6th Meeting of the 2021 Interim

November 18, 2021

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Thursday, November 18, 2021, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Kim King, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Wil Schroder, Co-Chair; Representatives Kim King, Co-Chair, and Phillip Pratt, Co-Chair; Senators Rick Girdler, Alice Forgy Kerr, Adrienne Southworth, Reginald Thomas, Phillip Wheeler, and David Yates; Representatives Shane Baker, Lynn Bechler, Tina Bojanowski, Josh Branscum, George Brown Jr., Josh Calloway, Jeffery Donohue, Ryan Dotson, Daniel Fister, Deanna Frazier, Chris Freeland, Chris Fugate, Jim Gooch Jr., David Hale, Richard Heath, Thomas Huff, Norma Kirk-McCormick, William Lawrence, Charles Miller, Ruth Ann Palumbo, Josie Raymond, Brandon Reed, Rachel Roberts, Steve Sheldon, Cherlynn Stevenson, Ashley Tackett Laferty, Nancy Tate, Bill Wesley, and Richard White.

Guests: Representative Chris Fugate; Scott Smith, Executive Director, First Frontier Appalachian Trails; Tim Whitehead, Trail Development Coordinator, First Frontier Appalachian Trails; Jerry Stacy, Board Member, First Frontier Appalachian Trails; Bill Owen, President, Central Bank Center; Brian Sipe, General Manager, Central Bank Center; and Marci Krueger, Vice President of Sales, VisitLEX.

LRC Staff: Janine Coy, Audrey Ernstberger, Kirk Smith, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the October 21, 2021, meeting was made by Representative Freeland, seconded by Representative Hale, and approved by voice vote.

First Frontier Appalachian Trails

The Kentucky Mountain Regional Recreation Authority was authorized in 2017 and approved for a \$1 million two year budget by the General Assembly in 2019 for FY2020 and FY2021. The Authority is in the process of hiring additional staff, fully mapping the trail system, and establishing agreements with private land owners. Once established, the

trail systems, which will include the First Frontier Appalachian Trails, have the potential to support other businesses such as recreational vehicle parks, cabin rental facilities, and other adventure tourism attractions that would have a major economic impact on the eastern region of the state. The system is being patterned after the Hatfield-McCoy Trail System in West Virginia that sold \$3.9 million in permits in 2020 which amounted to a total economic impact of \$38 million.

Answering a question from Representative King, Tim Whitehead, Trail Development Coordinator for First Frontier Appalachian Trails, stated that the trail systems are currently being mapped and a website or mobile application will be available in the future that will include trail maps and coordinates. In response to a follow up question, Representative Fugate said 40 percent of visitors to the Hatfield-McCoy Trail Systems stay four days or more in the area and 35 percent of visitors spend \$200 to \$500 during their stay.

Representative Pratt expressed gratitude to those involved with developing the trail systems.

Responding to Senator Yates, Representative Fugate explained that many counties have future plans for opening recreational vehicle parks, cabin rental facilities, and other associated businesses.

Addressing a question from Representative Dotson, Representative Fugate stated there will be an agreement established with every land owner along the trail systems. When the Authority was established in 2017, land owners were given sovereign immunity, protecting them from being held liable for injuries that may occur while individuals are utilizing the trails.

Replying to Representative Hale, Representative Fugate explained the structure of the Authority's board consists of representatives from nine participating counties, a representative from the Department of Local Government, a representative from the Department of Fish and Wildlife Resources, and two nonvoting members of the General Assembly. The county representatives are on rotating terms. Addressing a follow up question, Representative Fugate said the Authority will partner with the Department of Fish and Wildlife Resources and local law enforcement agencies to patrol the trail system.

Representative Baker commented on the potential economic impact of the trail systems on the eastern part of the state.

Answering a question from Representative Bechler, Representative Fugate stated the amount that will be requested for the Authority's two year budget during the upcoming legislative session is \$1.5 million. All participating counties associated with the Authority have been asked to donate \$5,000 each year. The Hatfield-McCoy Trail System has three

funding mechanisms in place which include funding from the West Virginia Legislature, revenue from permits sold, and grant funding. Replying to a follow up question, Representative Fugate said the Hatfield-McCoy Trail System permits are \$50 per person per year for out-of-state visitors and \$26.50 per person per year for in-state visitors. The Authority plans to have similar permit costs. Answering a follow up, Representative Fugate explained that land owners are not being compensated for the use of their land. Replying to a follow up question, Representative Fugate stated the estimated number of visitors and duration of stay were gathered from the Hatfield-McCoy Trail System.

Responding to Representative Bojanowski, Representative Fugate stated the Authority will be paying the cost of the liability insurance for the trail system. Local emergency medical service and fire department personnel will respond to any emergency incidents that may occur on the trail with additional personnel being added in the future if necessary.

Representative Kirk-McCormick made comments regarding an all-terrain vehicle establishment in her district that offers rentals, tours, and lodging.

Addressing a question asked by Representative Fister, Representative Fugate explained that there will be a website or mobile application available in the future with trail system maps. Responding to a follow up, Representative Fugate said with the assistance of the Authority board representative from the Department of Fish and Wildlife Resources, the Authority will make plans to take precautionary measures during hunting seasons.

Replying to Senator Southworth, Scott Smith, Executive Director of First Frontier Appalachian Trails, stated the website or mobile application is in the development phase, but the Authority is presently using an existing mapping platform.

Lexington Center Expansion and Continued Recovery of Convention Business in the Commonwealth

The Central Bank Center in Lexington has entered into a facility management agreement with Oak View Group which provides property, consulting, and client services. The Oak View Group has partnerships with 29 other arenas across the country. Phase one of the ongoing expansion project of the Central Bank Center is complete with phase two expected to be completed March 2022. Despite the ongoing expansion project, the facility lost numerous event bookings and was forced to decrease staff as a result of the pandemic. Overall, VisitLEX, the Lexington tourism marketing organization, cancelled 270 meetings and conventions due to COVID-19, representing over 100,000 room nights that never materialized. The overall economic impact loss to Lexington from meetings and convention attendees is over \$42 million. The statewide tourism industry is collectively requesting \$75 million in American Rescue Plan Act funds which will help the recovery of the meeting and convention business across the state.

Answering a question from Representative Roberts, Marci Krueger, Vice President of Sales for VisitLEX, stated some of the funds that are being requested would be used for marketing the Commonwealth outside of the state and attending meeting planning trade shows.

Senator Thomas commended Bill Owen, President of Central Bank Center, for all of his work over the years.

Representative Palumbo thanked Mr. Owen for his dedication over the years to the Central Bank Center and the city of Lexington.

Responding to a question from Representative Dotson, Ms. Krueger stated the statewide tourism industry is collectively requesting \$75 million in American Rescue Plan Act funds that will be allocated to the Department of Tourism for marketing the Commonwealth, local tourism marketing organizations for marketing, and local tourism marketing organizations for marketing meetings and conventions.

Addressing Representative Hale, Mr. Owen said the Kentucky High School Athletic Association basketball state tournaments are typically scheduled for one to two year terms.

Answering a question from Representative Pratt, Brian Sipe, General Manager of Central Bank Center, explained that the Oak View Group will share services with its industry partners and venues in other cities and utilize University of Kentucky staff in an effort to combat issues with low workforce participation.

Replying to Representative Brown, Mr. Owen stated the total expansion project cost of the Central Bank Center is \$310 million.

There being no further business before the committee, the meeting adjourned at 2:23 p.m.