

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

## **Minutes of the 5<sup>th</sup> Meeting of the 2023 Interim October 26, 2023**

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

The fifth meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on October 26, 2023, at 1:00 PM in Room 149 of the Capitol Annex. Senator Max Wise, Chair, called the meeting to order, and the secretary called the roll.

### **Present were:**

Members: Representatives Kim King Co-Chair; Phillip Pratt Co-Chair; Senator Max Wise Co-Chair; Senators Shelley Funke Frommeyer, Robby Mills, Brandon J. Storm, Reginald Thomas, Phillip Wheeler, and Mike Wilson; Representatives Chad Aull, Shane Baker, Ryan Dotson, Daniel Fister, Deanna Frazier Gordon, Chris Freeland, Chris Fugate, Daniel Grossberg, Richard Heath, Candy Massaroni, Shawn McPherson, Brandon Reed, Rachel Roberts, Sarah Stalker, Nancy Tate, Bill Wesley, Richard White, Nick Wilson, and Susan Witten.

Guests: Thomas Sullivan, Vice President of Small Business Policy, U.S. Chamber of Commerce; Charles Aull, Executive Director, Kentucky Chamber Center for Policy and Research; John Cox, Director of Public Affairs, Kentucky Chamber of Commerce; and Dave Hatter, Cybersecurity Consultant, Intrust IT.

LRC Staff: Janine Coy, Helen McArthur, Eric Rodenberg, Crystal Thompson, and Sasche Allen.

### **Approval of Minutes**

A motion to approve the minutes of the September 28, 2023, meeting was made by Representative Fister, seconded by Representative Fugate, and approved by voice vote.

### **Challenges and Opportunities for Small Businesses in Kentucky – Data from Employer Surveys Presenters**

Thomas Sullivan, Vice President of Small Business Policy for the U.S. Chamber of Commerce, provided a national perspective on challenges and opportunities for small businesses, an overview of how small business owners view the economy, and identified legislative priorities.

Research shows, 66 percent of small business owners are confident in businesses' health; 72 percent are comfortable with their cash flow; and 71 percent anticipate higher revenues in the next 12 months. Conversely, 43 percent of small business owners polled have a negative outlook on the national economy, and 52 percent rank inflation as their biggest challenge. Wage hikes are reported as the top inflationary concern. Mr. Sullivan outlined the U.S. Chamber's Small Business Bill of Rights and highlighted available digital resources for small business owners.

In response to comments made by Senator Wheeler regarding border security, immigration, and offshoring, Mr. Sullivan said the U.S. Chamber has major concerns about businesses expressing the need for qualified workers, and immigration reform plays a pivotal role in addressing the issue. The U.S. Chamber is committed to supporting immigration reform in conjunction with increased border control.

Answering a question from Senator Thomas, Mr. Sullivan stated he is not in favor of directing lending by the U.S. Small Business Administration. In response to a follow up, he explained the U.S. Chamber's small business marketing practices and digital platforms.

Replying to questions from Representative King, Mr. Sullivan provided further information on the U.S. Chamber's Small Business Bill of Rights. He said the list was initially intended for members of Congress and derived from responses from small business owners across the country.

Addressing Representative Pratt, Mr. Sullivan discussed the H-2B Program and said the changing caps and lottery system do not offer employers certainty. He said the U.S. Chamber advocates for changes to the program. Replying to follow up questions, he agreed that small businesses are facing major inflationary challenges and spoke about the Waters of the United States rule.

Responding to Representative Roberts, he said the U.S. Chamber uses the federal definition to define a small business which is 500 employees or less. Addressing follow up questions, he discussed the increase in bankruptcy filings among small business owners.

Answering questions from Representative Grossberg, Mr. Sullivan gave details about the group of small business owners that assisted in comprising the Small Business Bill of Rights and spoke about the unfair advantage that large businesses may have compared to small businesses and unintended consequences of federal policies.

Charles Aull, Executive Director of the Kentucky Chamber Center for Policy and Research, presented information on the chamber's partnership with the Sienna College Research Institute which surveyed businesses across the Commonwealth. The survey included questions on the economy, business decisions, public policy, and government. The survey provided responses on the challenges facing Kentucky employers and how they view state and federal government.

In response to Representative Baker, Mr. Aull spoke about the potential for government to create opportunities for small businesses and the barriers that can be formed by federal regulations. Answering a follow up, he acknowledged that the statistics presented offer a broad narrative.

Addressing Representative Stalker, Mr. Aull stated that of the 300 businesses surveyed, 30 percent were nonprofit organizations and discussed how nonprofit employers compete in wage growth.

Replying to questions asked by Representative Grossberg, Mr. Aull spoke about individual income tax reform and expanding the sales tax base in a way that does not negatively impact small businesses.

In response to Senator Mills, Mr. Aull stated, in the context of the survey, a small business is defined as 100 employees or less and discussed the uncertainty that small businesses have in the current economic climate.

### **The Threat of Cyberattacks on Our Nation's Critical Infrastructure**

Dave Hatter, a cybersecurity consultant with Intrust IT, gave a presentation on cybersecurity attacks and the need to protect information and systems from unauthorized access, use, disclosure, disruption, modification, or destruction. Cybersecurity involves implementing a range of technical, administrative, and physical controls to safeguard against potential threats and vulnerabilities. He explained ways to protect against cybersecurity attacks that included education, best practices, incentives, and regulation.

Answering questions from Senator Wise, Mr. Hatter discussed the private sector owning critical infrastructure and said government officials will need to incentivize good cybersecurity practices.

Responding to Senator Wheeler, he further discussed offering incentives for good practices, the potential risks for smaller or more rural communities for a cyberattack, decoupling software from other countries' control, and autonomous vehicles.

**Adjournment**

There being no further business before the committee, the meeting adjourned at 2:55 p.m.