

2013 Interim LEGISLATIVE

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* Read on-line at www.lrc.ky.gov/legislation.htm*

RECORD

Report on military, overseas absentee voting due soon, lawmakers told

by Rebecca Hanchett
LRC Public Information

A state task force may soon weigh in on whether Kentucky's military and overseas civilian voters should be allowed to return absentee ballots electronically.

The Military and Overseas Voting Assistance Task Force, co-chaired by Sen. Joe Bowen, R-Owensboro, and Rep. Darryl T. Owens, D-Louisville, is expected to issue its recommendations at its final meeting early next year. Owens said on Dec. 11 that the task force will prepare a report of its findings and discuss that report at its final meeting.

The task force was established by the 2013 General Assembly's passage of Senate Bill 1, which allows Kentuckians who are members of the military, their spouses, and other Kentuckians living overseas, or military stationed in the U.S. away from their hometown, to register to vote and request absentee ballots electronically.

The task force heard more about electronic absentee voting in December from electronic voting company officials, a doctor of computer science based in California, and a Utah election official whose state is now undertaking a pilot project that allows electronic absentee voting by e-mail or fax (as well as absentee voting by mail) for residents who are in the military or overseas civilians.

While only about half of Utah's counties have signed onto electronic voting for its military and civilian residents overseas, Utah Deputy Director of Elections Justin Lee said the process has worked well with no evidence of fraud or abuse. But the process has required some adjustment: Utah law—like Kentucky law—requires voting by secret ballot, although Lee said those who submit ballots electronically must voluntarily waive their right to a secret ballot since the ballots have to be printed out, signed, and then sent home to election officials who must physically check the voter's

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Lawmakers urged to consider smoke-free workplaces

by Rob Weber
LRC Public Information

Prohibiting smoking in workplaces across the state would provide economic benefits along with health benefits, business leaders told state lawmakers during the Nov. 21 meeting of the Economic Development and Tourism Committee.

"The business community can no longer ignore the effect smoking has on insurance premiums and on our tax bills," said Ashley Watts, manager of public affairs for the Kentucky Chamber of Commerce. "Smoking is not only killing us, it's bankrupting us."

About 34 percent of the state's citizens already live in areas with local rules against workplace smoking. Watts urged lawmakers to go a step further with a statewide law that would

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Brent Cooper
Kentucky
Chamber of Commerce

prohibit smoking in indoor workplaces throughout Kentucky.

Increased health care costs and the loss of worker productivity caused by smoking-related health make it an economic issue, Watts said.

"With 29 percent of Kentuckians still smoking, which is the highest rate in the country, the Centers for Disease Control has estimated that smoking related health expenditures cost Kentucky more than \$1.5 billion annually," Watts said.

Brent Cooper, a board member with the Kentucky Chamber of Commerce, said potential employers take note of a state's health statistics when they decide where to create jobs.

"The number one issue they consider is quality of the workforce," Cooper said. "Health and education are top factors." Strides have been



made in education, but "when it comes to health we're one of the worst," he said.

A Chamber of Commerce survey showed that 90 percent of employers who responded are in favor of a smoke-free workplace law. "For our members, this is a non-controversial issue," Watts said.

Rep. Mike Harmon, R-Danville, asked Watts how many employers responded to the survey. Watts said she wasn't sure, but estimated that about 50 percent of employers who received the survey responded to it.

Kentucky has more prohibitions against workplace smoking than most other southeastern states since 34 percent of the state's population is covered by local smoke-free workplace rules, said Dr. Mark Evers of the University of Kentucky's Markey Cancer Center. That was a factor in the Markey Cancer Center's prestigious designation as a National Cancer Institute earlier this year, he said.

"The first question they asked us is what are we doing about our smoking problem. They see high rates of lung cancer and smoking as a Kentucky issue," he said.

"Kentucky is number one in the nation in overall cancer mortality," he said. "We're number one in lung and bronchus tumors. This is directly related to our smoking rate."

If Kentucky adopts a smoke-free workplace law it would join 24 other states that already have similar laws on the books.

Voting,

from page 1

signature.

The process eliminates the possibility of a completely secret ballot, Lee said, although the final, counted ballot is printed on a form that does not include the voter's name, making it anonymous.

Voters can always ensure complete anonymity by sending their absentee ballot through the mail, he said, but he added "most of the military voters ... and overseas voters are happy to waive their secret ballot if they can just sent it back in quickly."

Utah—like Kentucky under SB 1—allows its deployed military and overseas civilians to electronically request and receive absentee ballots, which Lee said can be received and returned by a voter the same day under Utah's program.

Speaking against returning ballots by e-mail or facsimile was David Jefferson, Ph.D. of the Lawrence Livermore National Laboratory Center for Applied Scientific Computing in California. Jefferson called online



return of voted ballots "extraordinarily dangerous" and urged against it. "E-mail is not even encrypted—at least not end-to-end encrypted," Jefferson told the panel, saying it can be read and passed to someone else. "We really need to get rid of the idea of e-mail voting," he said.

The Military and Overseas Voting Assistance Task Force's duties include, but aren't limited to: studying and reporting on time allotted

for military and overseas citizens to request, receive, and send in their ballots; studying what other states are doing to improve absentee voting for this population, and; the feasibility of this population using a secure electronic transmission system to send voted absentee ballots.

SB 1 is being implemented with the assistance of a \$2.2 million grant from the Federal Voting Assistance Program.

AP course initiative proves successful, legislative panel told

by Amy Rose Karr
LRC Public Information

More Kentucky high school students than ever are earning college credit through advanced placement (AP) classes, lawmakers heard at a Dec. 18 meeting of the Interim Joint Committee on Education.

Kentucky's improvement in qualifying AP test scores is more than double the national average, Joanne Lang, executive director of Advance Kentucky, said.

Advance Kentucky, aimed at increasing students' participation and success in AP classes, is a partnership between the National Math and Science Initiative, the Kentucky Department of Education and several other public and private agencies. Since 2008, the program has worked with 88 schools in the state to support 65,000 AP class enrollments.

Lang told lawmakers the initiative isn't just about building bigger AP programs, but specifically recruiting minority students who are tra-

ditionally underserved. The number of low-income and minority students enrolled in AP courses has quadrupled

A recent longitudinal study of program outcomes showed Advance Kentucky students have higher ACT scores, go to college at higher rates, and earn higher college GPAs than their peers.

in participating schools, she said.

"There are many more kids that we can push into the best and brightest category. They're out there. We just need to tap them," Lang said.

Glasgow High School AP math teacher Kellie Lee said the program

encourages her to reach more students than she could have otherwise. "Advance Kentucky lit my candle and now I have the opportunity to light many more," she said.

Lee told lawmakers Glasgow High School moved from the bottom half of "Kentucky achieving schools" to the top six percent while working with the program.

According to Anthony Mires, director of Educational Services for the Kentucky Science and Technology Corporation, the results of Advance Kentucky reach far beyond the AP classroom. "Anecdotally, we knew it made a difference. [Now we] have the data," he said.

A recent longitudinal study of program outcomes showed Advance Kentucky students have higher ACT scores, go to college at higher rates and earn higher college GPAs than their peers, he said.

"The impact you're having on students and students' lives for years and years to come is something I'm so proud of for all of us," Sen. David Givens, R-Greensburg, said.

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2014 REGULAR SESSION CALENDAR

2014 REGULAR SESSION CALENDAR
(approved by LEC 9/4/13)

JANUARY

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10 *112-49 Posting required for vetted House bills	11
12	13	14 (1)	15 (2)	16 (3)	17 (4)	18
19	20 Martin Luther King, Jr. Day HOLIDAY	21 (5)	22 (6)	23 (7)	24 (8)	25 (9)
26	27	28 (10)	29 (11)	30 (12)	31 (13)	
	(14)	(15)	(16)	(17)	(18)	

*House Rule 49 states in part: "In the case of vetted House bills receiving the affirmative vote of a majority of the House members of the interim joint committee to which they were assigned, posting by the clerk or the committee shall cover during the first four days of the session, and those bills may be considered by the appropriate committee during the first fifteen legislative days of the session. No posting request shall be required for those vetted bills."

FEBRUARY

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
	(19)	(20)	(21)	(22)	(23)	
9	10 (24)	11 (25)	12 (26)	13 (27)	14 (28)	15
16	17 Presidents' Day HOLIDAY	18 (29)	19 (30)	20 (31)	21 Last Day for Bill Requests (32)	22
23	24 (33)	25 (34)	26 (35)	27 (36)	28 (37)	

() Denotes Legislative Day

2014 REGULAR SESSION CALENDAR
(approved by LEC 9/4/13)

MARCH

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3 Last Day for New Senate Bills (38)	4 (39)	5 Last Day for New Senate Bills (40)	6 (41)	7 (42)	8
9	10 (43)	11 (44)	12 (45)	13 (46)	14 (47)	15
16	17 (48)	18 (49)	19 (50)	20 (51)	21 (52)	22
23	24 (53)	25 (54)	26 (55)	27 (56)	28 Concombre Only (57)	29
30	31 Concombre Only (58)					

APRIL

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 VETO	2 VETO	3 VETO	4 VETO	5 VETO
6	7 VETO	8 VETO	9 VETO	10 VETO	11 VETO	12
13	14 (59)	15 SINE DIE (60)	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

() Denotes Legislative Day

2013

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Legislative Research Commission

Minutes of the 542nd Meeting
December 11, 2013

Call to Order and Roll Call

The 542nd meeting of the Legislative Research Commission was held on Wednesday, December 11, 2013, at 1:30 PM, in Room 125 of the Capitol Annex. Representative Greg Stumbo, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robert Stivers II, Co-Chair; Representative Greg Stumbo, Co-Chair; Senators R.J. Palmer II, Dan “Malano” Seum, Brandon Smith, Katie Stine, Damon Thayer, and Johnny Ray Turner; Representatives Rocky Adkins, John Carney, Larry Clark, Bob M. DeWeese, Jeff Hoover, Sannie Overly, and Tommy Thompson.

LRC Staff: Marcia Seiler and Christy Glass.

There being a quorum present, Speaker Gregory D. Stumbo called for a motion to approve the minutes of the November 6, 2013, meeting; accept and refer as indicated items A. through D. under Staff and Committee Reports; refer prefiled bills as indicated and approve items B. through D. under New Business; and accept and refer as indicated items 1. through 25. under Communications.

Senator Stivers asked for discussion on the motion. He believes the motion should reflect that this agenda should have included “discussion and action upon the presentations that were made at the last LRC meeting in November by the NCSL and the Hannah Group.” He said it would be appropriate that the members discuss amending the agenda to reflect what the minutes of the last meeting established for the current agenda. He moved to amend the motion that this agenda have included in it a discussion on the presentations that were made at the last LRC meeting. The motion was seconded by Senator Thayer.

Speaker Stumbo said a motion was made and seconded that the motion under discussion be amended to reflect a change in the minutes of the November 6, 2013, meeting.

Senator Stivers corrected him, saying that the agenda, which was established but should have reflected the agreement from the last meeting, should be in conformity with those minutes that they were about to adopt.

Speaker Stumbo said that, if he understood correctly, the motion would be that they actually amend the LRC agenda for a discussion about the presentations that were made in the November 6, meeting, before they adjourned.

Senator Stivers said that his motion would be that the agenda accurately reflect the minutes they were about to adopt.

Speaker Stumbo then asked if there was any discussion, and called for a voice

vote. It passed unanimously.

Speaker Stumbo stated that the general motion before the body was to approve the minutes as amended by President Stivers’ motion and to accept and refer as indicated items A. through D. under Staff and Committee Reports; refer prefiled bills as indicated and approve items B. through D. under New Business; and accept and refer as indicated items 1. through 25. under Communications. The motion was made by Representative Clark and seconded by Representative Thompson. A roll call vote was taken, and the motion passed unanimously. The following items were approved, accepted, or referred.

The minutes of the November 6, 2013, meeting, were approved.

Staff and Committee Reports

Information requests for November 2013.

Committee Activity Reports for November 2013.

Report of the Administrative Regulation Review Subcommittee meeting on November 12, 2013.

Committee review of the administrative regulations by the Interim Joint Committee on Health and Welfare during its meeting of November 20, 2013.

New Business

Referral of prefiled bills to the following committees: **BR 163** (relating to the donation of game meat) to **Agriculture**; **BR 355** (relating to the angel investor tax credit), and **BR 396** (relating to automated business record falsification devices) to **Appropriations and Revenue**; **BR 267** (relating to the financial solvency of insurance companies) to **Banking and Insurance**; **BR 54** (concurrent resolution encouraging recognition of trapshooting as a high school sport), **BR 302** (relating to school-based decision making councils), **BR 352** (relating to financial literacy), **BR 353** (relating to financial literacy), and **BR 438** (relating to training and assessment of new superintendents and declaring an emergency) to **Education**; **BR 243** (relating to nuclear power), **BR 257** (relating to eminent domain and declaring an emergency), **BR 258** (relating to eminent domain and declaring an emergency), and **BR 275** (relating to utilities) to **Energy**; **BR 41** (relating to public benefit corporations), **BR 177** (relating to criminal records), **BR 232** (relating to crimes and punishments), **BR 233** (relating to life imprisonment for persistent felony offenders), **BR 234** (relating to parole), **BR 235** (relating to crimes and punishments), **BR 236** (relating to crimes and punishments), **BR 242** (relating to booking photographs), **BR 247** (relating to the disciplining of a child by a parent or guardian), **BR 248** (relating to the Department of Public Advocacy and making an appropriation therefor), **BR 320** (relating to trafficking in heroin), **BR 334** (relating to driving under the influence), and **BR 335** (relating to parental rights) to **Judiciary**; **BR 108**

(proposing an amendment to Section 226 of the Constitution of Kentucky relating to casino gaming), **BR 109** (relating to gaming and making an appropriation therefor), **BR 322** (relating to the Kentucky Board of Embalmers and Funeral Directors), and **BR 323** (relating to the board or barbering) to **Licensing and Occupations**; **BR 252** (relating to the disclosure of public retirement information), and **BR 406** (relating to public financing for judicial campaigns and making an appropriation therefor) to **State Government**; **BR 38** (relating to speed limits), **BR 61** (joint resolution designating the “Officer Jason Ellis Memorial Highway”), and **BR 224** (relating to transportation) to **Transportation**.

From Senator Whitney Westerfield and Representative John Tilley, Co-Chairs of the Interim Joint Committee on Juvenile Code Task Force: Memorandum requesting approval to meet outside the interim on December 19. There are no apparent conflicts.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum regarding the retention of Hon. Leslie Patterson Vose.

From Senator Joe Bowen and Representative Darryl Owens, Co-Chairs of the Military and Overseas Voting Assistance Task Force: Memorandum requesting approval to meet outside the interim on December 11. There are no apparent conflicts.

Communications

From the Office of the Attorney General: Constitutional Challenge Report for the months of September and October, 2013.

From the Finance and Administration Cabinet: Monthly Investment Income Report for the month of October 2013.

From the Auditor of Public Accounts: FY 13 Report of the Audit of the Kentucky Artisan Center at Berea.

From the Auditor of Public Accounts: FYS 12-13 Report of the Audit of the Kentucky Public Employees Health Plan.

From the Cabinet for Economic Development: FY 13 Agricultural Warehousing Sites Cleanup Fund Annual Report.

From the Kentucky Pollution Prevention Center: FY 13 Annual Report.

From the Kentucky Office of Homeland Security: 2013 Annual Report.

From the Cabinet for Health and Family Services: Human Trafficking Report pursuant to KRS 620.029(2)(b).

From the Cabinet for Health and Family Services: 2013 Public Health Child Fatality Review Program Annual Report.

From the Cabinet for Health and Family Services: 2013 Charitable Health Providers Annual Report.

From the Cabinet for Health and Family Services: FY 13 Annual Report for the Kentucky HIV/AIDS Planning and Advisory Council.

From Kentucky Employers’ Mutual

Insurance Authority: Quarterly Statement and Financial Status for the period ending September 30, 2013.

From the Kentucky Employers' Mutual Insurance: 2013 Third Quarter financial statements.

From Northern Kentucky University: FY 13 Annual Financial Report.

From the Kentucky Judicial Form Retirement System: FY 13 Audited Financial Statements of the Kentucky Judicial Form Retirement System.

From the Kentucky Judicial Form Retirement System: Actuarial Valuation Report as of July 1, 2013, for the Kentucky Judicial Retirement Plan and Actuarial Valuation Report as of July 1, 2013, for the Kentucky Legislators Retirement Plan.

From the Department of Revenue, Division of Corporation Tax: FY 13 Energy Efficiency Products Credits Claimed Report.

From the Department of Revenue, Division of Corporation Tax: FY 13 Energy Star Home and Energy Star Manufactured Home Credits Claimed Report.

From the Cabinet for Health and Family Services: FY 13 Statewide Strategic Planning Committee for Children in Placement Annual Report.

From the Office of the Attorney General: County Attorney Traffic Safety Programs Annual Report.

From the Commission on Small Business Advocacy: From the Kentucky Business One-Stop Portal Advisory Committee: 2013 Report Assessment and Recommendations.

From the Kentucky Legislative Ethics Commission: FY 13 Annual Report.

From the Kentucky Council on Postsecondary Education: 2011-12 Accountability Report.

From the Justice and Public Safety Cabinet: Child Fatality and Near Fatality External Review Panel Annual Report.

From the Auditor of Public Accounts: Report of the Audit of the Office of the Kentucky Health Benefit Exchange Kentucky Access Program.

Other Business: Discussion of presentations made by NCSL and Hannah Group at November 6, 2013 meeting

Speaker Stumbo recognized President Stivers.

President Stivers said that, in the last LRC meeting, there were two presentations about internal audit reviews and pay and compensation. When the agenda came out, discussion of the presentations was not placed on it, and the minutes reflect that that was something they had agreed to pass. He said that leadership staff had been working with NCSL to make a proposal for an audit and review, and to begin the process of taking applications and advertising the Director's position of the LRC. Senator Stivers said the Speaker's general counsel had also been given the new proposal to review. Earlier that week, NCSL had given a pricing on the audit, and it was delivered as soon as it was received to the Speaker's office. It would be his motion that LRC retain NCSL, in conformity with its presentation and proposal that was submitted to the LRC, and priced and distributed, to conduct a performance audit of the LRC,

in accordance with this revised proposal. The motion was seconded by Senator Thayer.

Speaker Stumbo asked if there was a document that reflected the proposal.

President Stivers said copies conveying the substance of the proposal and the pricing that was received this week were being handed out by staff.

Speaker Stumbo asked if it was the same document that he had received the day before.

President Stivers said he believed the document was received the prior week but that the compensation package had been transmitted within the past two days.

Speaker Stumbo said he understood the motion was to adopt the document that was handed out.

President Stivers clarified that the motion is to retain the NCSL to perform the audit in conformity with the current document and the proposal that was revised from the last LRC meeting, and delivered to his office the previous week. He said that the substance was not new from what NCSL had already presented to LRC, but that it had been revised and narrowed.

Speaker Stumbo called for a second on the motion to which Senator Thayer responded. Speaker Stumbo recognized Representative Clark for discussion on the motion.

Representative Clark said that he thinks they all want to move the process along, but he was concerned that he there was no real structure relating to compensation for the LRC employees, how employees can advance, how employees can be helped with their career ladder and path, and how employees can be retained. He said this needs to be done to let LRC employees know that the Commission does is trying to enhance what is going on.

Speaker Stumbo then recognized President Stivers.

President Stivers said he did not disagree or agree with Representative Clark. He said it is appropriate to finish the proposed study before looking at the other issues. He said that, if they do not proceed with the study, they will miss an important opportunity.

Speaker Stumbo said the original proposal of October 13 had apparently been modified by the recent proposal, most particularly to delete the staff compensation and classification study, to which Representative Clark had alluded. Speaker Stumbo asked why this had been done.

President Stivers said LRC needed to define the appropriate agency model. If it is an appropriate model, then a type of staff compensation issue and other issues would be addressed. NCSL may recommend that LRC to look at differing models. He said that a human resources study that examined compensation, performance, hiring, firings, and promotions at this time might then need to be repeated.

Speaker Stumbo recognized Senator Seum.

Senator Seum said that this is something that a new director of LRC would want to be part of.

There being no further discussion, a

roll call vote was taken, and the motion passed with nine yes votes, five no votes, and one pass.

Representative Clark asked to explain his vote after voting no. He said they have to send a signal to LRC employees that the members are concerned about them and concerned about their career ladder. He did not know why both studies could take place in one proposal.

Speaker Stumbo also asked to explain his vote after voting no. He said he thinks they all want to do the same thing and use this opportunity to create a stronger institutional foundation. He said it appeared that NCSL would simply conduct interviews. Speaker Stumbo said he agrees with Representative Clark that, even though employees were not under the members' direct control, the complaint he was hearing most often from nonpartisan staff was that there was not a structured pay scale consistent with moving up the ladder based upon performance and regular performance audits. He thinks if they are going to address any morale problem at LRC that a human resources person should be contacted.

There being no further business, the meeting was adjourned.

Interim Joint Committee on Agriculture

Minutes of the 6th Meeting of the 2013 Interim

November 13, 2013

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Agriculture was held on Wednesday, November 13, 2013, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Paul Hornback, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Tom McKee, Co-Chair; Senators Carroll Gibson, David P. Givens, Sara Beth Gregory, Stan Humphries, Dennis Parrett, Dorsey Ridley and Whitney Westerfield; Representatives Lynn Bechler, Jim DeCesare, Mike Denham, Myron Dossett, C.B. Embry Jr., Derrick Graham, Richard Heath, Richard Henderson, Kim King, Martha Jane King, Michael Meredith, Terry Mills, David Osborne, Ryan Quarles, Tom Riner, Steven Rudy, Jonathan Shell, John Short, Rita Smart, Tommy Turner, and Susan Westrom.

Legislative Guests: Senator Jimmy Higdon, Senator John Schickel and Representative Leslie Combs.

Guests: Roger Thomas, Executive Director, Governor's Office of Agricultural Policy; Commissioner James R. Comer, Kentucky Department of Agriculture; Mark Haney, President, Kentucky Farm Bureau; Hood Harris, State President, AT&T, and Brad McLean, Director of Government Affairs, AT&T.

LRC Staff: Tanya Monsanto, Lowell Atchley, Kelly Ludwig, and Susan Spoonamore, Committee Assistant.

Upon motion made by Representative Richard Henderson and seconded by Senator Whitney Westerfield the October 9, 2013 minutes were approved, without objection, by voice vote.

Upon motion made by Representative Mike Denham and seconded by Representative Richard Henderson the report of the Subcommittee on Horse Farming, and the report on Rural Issues were approved, without objection, by voice vote.

Legislative Issues for 2014 Session

Mr. Thomas, Executive Director, Governor's Office of Agricultural Policy, said that Agriculture Development Funds helped to fund programs that have been valuable to Kentucky agriculture and rural communities. He said that in the near future, the federally funded programs for agriculture will be diminishing. Direct payments are probably going to be a thing in the past. Tobacco farmers will receive their last tobacco transition payments in January 2014. The funding for programs through the GOAP and the Kentucky Agricultural Fund has been dependent on tobacco settlement funds.

Mr. Roger Thomas explained that the budget for programs through the GOAP and Agriculture Development Funds have been dependent upon the amount of funding received from tobacco settlement funds. Kentucky has been involved in arbitration, along with other states, opposing a claim that Kentucky failed to enforce a clause that was part of the 1998 Master Settlement Agreement. Recently the Court ruled that Kentucky was non-diligent in the 2003 enforcement of the model statute. If that ruling stands, it will have an adverse affect on Kentucky's budget.

In response to Senator Humphries, Mr. Thomas said that funding for the Breathitt Diagnostic Laboratory in Hopkinsville is a priority for the Governor if funds are available.

In response to Senator Givens, Mr. Thomas said that any penalties resulting from the lawsuit will depend upon Kentucky being successful at vacating the order that was previously rendered.

In response to Senator Givens, Mr. Thomas said that in fiscal year 2016, the state's portion of the Agricultural Development Funds to support debt service for bond payments would be approximately \$28 million. He said that besides the debt service portion for bond payments, the money received from the MSA is divided between Rural Development Fund, Early Childhood Development Initiatives and Health Care Improvement Fund initiatives. The MSA payment is expected to total \$92 million for fiscal year 2015 and \$86 million for 2016.

In response to Senator Gibson, Mr. Thomas said that the MSA payment is a 25 year agreement, but in reality the MSA payment is based upon domestic tobacco product sales in the United States. Keep in mind that the MSA payments are decreasing because the domestic product sales are declining, he said.

In response to Senator Givens, Mr. Thomas said that the money placed in a 2003 escrow account was money that participating manufacturers withheld. Mr. Thomas said that if Kentucky does not win the appeal to have the order vacated, then the penalty assessed would be taken

from Kentucky’s future payments.

In response to Senator Hornback, Mr. Thomas said that it is true that if only one state is found to have been non-diligent in the 2003 enforcement of the model statute, then its entire amount payment could be withheld.

Commissioner James Comer, Kentucky Department of Agriculture, stated that Agriculture Development Funds help to support the Kentucky Proud programs within the department. For the 2014 Legislative Session, the department will be looking to clean up the hemp bill that was passed in 2013 and will introduce an egg bill that will allow repackaging of eggs by trained retail personnel. The Livestock Care Standard regulations are in the regulatory process. The department would support legislation engaging the private business sector to solve public problems.

Mark Haney, President, Kentucky Farm Bureau (KFB), said that it had been a good year for agriculture. KFB supports maintaining MSA funds, the expansion of the Breathitt Diagnostic Center, the expansion of sales and use taxes for the equine industry, and supports private property rights. KFB does not support changing the rural road fund distribution formula.

Mr. Haney explained that the United States Department of Agriculture (USDA) was looking to include the Tobacco Transition Payment Program (tobacco buyout) in the federal sequestration. The impact would be felt by 150,000 quota holders and growers in Kentucky. It is disconcerting that the USDA will not uphold contracts signed by quota holders and growers, according to Mr. Haney.

Senator Hornback stated that he did not understand how a private contract could become a part of sequestration.

In response to Senator Parrott, Mr. Haney said approximately \$12 million would be taken from the growers’ portion.

Discussion on Telecommunications and Modernization

Mr. Hood Harris, State President, AT&T and Brad McLean, Director of Government Affairs, AT&T, discussed telecommunications and modernization. Mr. Harris explained that AT&T is on pace to invest approximately \$230 million in Kentucky by the end of 2013. AT&T is asking for help to pave the way for more investments in broadband and new technology.

Mr. Harris stated that Kentucky’s telecommunication laws are outdated. Action needs to be taken to ensure that Kentucky does not lag behind in new technology. AT&T is being forced to maintain and invest in two networks, which means that AT&T is not able to fully invest in new technology. New legislation would be the first step in advancing new infrastructure that would allow people in rural areas to keep their basic landline service. Under a new proposal, it would be up to the customer if they want to make a change. The new proposal meets the absolute minimum threshold of starting the process of modernizing Kentucky’s telecommunications law. The technological modernization will bring better cell phone service, broadband

deployment, and economic development opportunities while ensuring that rural customers can keep their basic phone service. Mr. Hood stated that the new proposed legislation specifically says that nothing in the legislation adds to or takes away the Public Service Commission’s (PSC) ability to have jurisdiction over interconnection or other disputes between providers.

Mr. Brad McLean discussed various points in the new proposal. He said that the language makes it clear that only those companies that are no longer subject to retail price caps, in accordance with the 2006 legislation, can choose to operate under the new code section. Those companies must file a notice with the PSC indentifying its exchanges that have 15,000 or more housing units.

Mr. McLean gave an explanation regarding existing rural basic services. The customer can continue to keep his or her basic landline service. If the customer decides to order a different service, the provider must inform the customer of the new technology being used and the provider must inform the customer that they have 30 days to notify the provider that they no longer want the new service. If the customer fails to act within 30 days, then the provider is no longer under the obligation to provide basic service but would be under an obligation to provide voice service. In rural areas where a provider has not already installed the facilities needed to provide basic service, the provider is not obligated to provide basic service.

Senator Hornback stated that he wanted to clarify that the proposed bill is a retail bill, not a wholesale bill.

In response to questions from Senator Hornback, Mr. McLean stated that the proposed bill does not deal with interconnection issues. He also said that some cable companies have suggested including language giving PSC oversight with interconnection issues. The Federal Communications Commission (FCC) will probably make a decision next year regarding internet protocol (IP) to IP interconnection. Kentucky could face a lawsuit if PSC is given oversight on interconnection issues before the FCC makes a formal decision.

In response to Representative Riner, Mr. McLean stated that in rural areas, where there are exchanges with 15,000 housing units or less, and the customer already has a landline or the facilities in place that supports basic service, then AT&T will provide service. There is a competitive marketplace in urban areas for consumers to choose from.

Representative Riner stated that he was not comfortable with communities being without a landline. During the last national disaster, people in New York were able to place calls on a landline, but not cell phones.

In response to questions from Representative Bechler, Mr. McLean stated that under the new proposed legislation, AT&T would not be required to provide basic service to a new home even if the houses on either side have landline service. AT&T would still have to provide voice service obligation. Basic service

includes directory assistance, white pages and other things. Voice service offers access to local calls and 911. AT&T might provide basic service to the new home if it is economically feasible.

In response to Representative Meredith, Mr. Hood explained that the new IP enabled wire line technology would allow AT&T to do a lot more with the lines such as broadband services and video services. Businesses would have more options to choose from in designing services beneficial to them. He said that over 70 percent of consumers in Kentucky have already changed from the old time division multiplexing (TDM) and are using new technologies. Wire lines still continue but under new technology. Rural consumers can be assured of better and consistent service with the new technology.

In response to Senator Hornback, Mr. Hood stated that there are no regulations on bundled services.

In response to Representative Martha Jane King, Mr. McLean explained that the new proposed language says that customers will be guaranteed the basic service they had before if the customers notify the provider within the 30 day period.

Representative King stated that she would like to see language giving assurances that the consumer is guaranteed to go back to the basic service plan if AT&T is notified within the 30 day period.

Mr. McLean stated that the old service hook-up would still be in the house if the consumer decided to go back with the 30 period.

In response to Representative Combs, Mr. Hood stated members of AT&T would welcome the opportunity to work with members of the General Assembly to address the rights of the consumers and notifying consumers of their right to go back to basic service within the 30 day period. Mr. McLean noted that any notification has to be sent in writing to the consumer.

In response to Representative Shell, Mr. McLean said that he understands the lack of cell service on rural roads but that the new technology and expansion of networks should help increase areas of service.

The meeting was adjourned at approximately 3:00 p.m.

Interim Joint Committee on Agriculture

Subcommittee on Rural Issues

Minutes of the 2nd Meeting

of the 2013 Interim

November 13, 2013

Call to Order and Roll Call

The 2nd meeting of the Subcommittee on Rural Issues of the Interim Joint Committee on Agriculture was held on Wednesday, November 13, 2013, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Stan Humphries, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Mike Denham, Co-Chair; Senators Paul Hornback and Whitney Westerfield; Representatives

C.B. Embry Jr., Richard Heath, Kim King, Terry Mills, Jonathan Shell, and John Short.

Guests: Hollie Spade, Chief of Staff and Legislative Liaison, Kentucky Cabinet for Economic Development, Mandy Lambert, Deputy Commissioner of Department for Business Development, Kentucky Cabinet for Economic Development, Robert Curry, Executive Director of Bluegrass State Skills Corporation, Kentucky Cabinet for Economic Development, Chris Caudill, County Fair Program Coordinator, Kentucky Department of Agriculture, Steve Kelly, Executive Director for the Office of Strategic Planning and Administration, Kentucky Department of Agriculture.

LRC Staff: Tanya Monsanto, Stefan Kasacavage, Kelly Ludwig, and Susan Spoonamore, Committee Assistant.

The October 9, 2013 minutes were approved without objection, by voice vote, upon motion made by Representative Embry and seconded by Representative Mills.

Job Opportunities and Economic Development Projects in Rural Kentucky

Ms. Hollie Spade, Chief of Staff and Legislative Liaison, Kentucky Cabinet for Economic Development discussed job opportunities and economic development projects in rural Kentucky. She said the internet is the first place companies look when selecting communities for relocation or expansion. Communities create profiles so companies can preview site selection, workforce readiness, lifestyle, and community resources. Economic development in a small community requires coordination of resources and significant marketing leadership by local officials. Ms. Spade gave members examples of rural successes utilizing programs such as: Small Business Tax Credit Program, Small Business Collateral Support, Small Business Loan Participation and Kentucky Small Business Credit Initiative Projects.

Ms. Mandy Lambert, Deputy Commissioner of Department for Business Development, Kentucky Cabinet for Economic Development, discussed the recent launch of SelectKentucky.com. SelectKentucky.com offers a state-of-the-art Geographic Information System (GIS) and a search component detailing information related to site and building inventory, existing Kentucky industries and community profiles. Select Kentucky allows communities to upload photographs and community videos.

Mr. Robert Curry, Executive Director of Bluegrass State Skills Corporation, Kentucky Cabinet for Economic Development, discussed the Work Ready Community Program. Work Ready certifies counties as “work ready” based on the quality of its labor force. Criteria for Work Ready includes plans related to: high school graduation rates, national career readiness certificates, community commitment, educational attainment, soft skills development and internet availability. Work Ready Community in Progress is a program indicating a county will complete the Work Ready Community Program within three years.

In response to Representative Mills, Ms. Spade stated she would provide a list of STEP projects in Marion County.

In response to Senator Hornback, Ms. Spade stated there is no single issue making Kentucky less competitive than surrounding states when attracting new business.

In response to Representative Denham, Mr. Curry stated the benchmark for education attainment is 32 percent, Kentucky is at 25 percent. Ms. Lambert stated the main reason a company may not locate in a rural community includes lack of site inventory or existing building structures and a ready workforce. Ms. Lambert also stated it is important to have inventory and spec buildings or virtual building tours to show prospective clients.

In response to Representative Heath, Ms. Lambert stated the Cabinet for Economic Development will share information on spec building history and competition with surrounding states.

In response to Representative Embry, Ms. Lambert said that transportation is a key factor in expanding business or relocating to Kentucky.

In response to Senator Humphries, Ms. Spade stated regionalization has become a national trend and gives communities greater resources. Several regional areas have been successful using this method. Ms. Lambert stated the relationship between the Cabinet for Economic Development and the local economic development official is important to a community's success in attracting new business. The key to how a community stands out from other communities depends on how the local economic development official showcases the community. Mr. Curry stated the Work Ready program is a standardized certification and Kentucky's standards are tougher than surrounding states.

In response to Representative Shell, Mr. Curry stated he or Tom West is the point of contact for the Work Ready program and Ms. Lambert stated she is the point of contact for the Select Kentucky website.

County Fair Program and County Fair Fund

Mr. Chris Caudill, County Fair Program Coordinator, Kentucky Department of Agriculture and Mr. Steve Kelly, Executive Director for the Office of Strategic Planning and Administration, Kentucky Department of Agriculture, provided an overview of how the County Fair program is administered. The County Fair program offers two types of aid: state aid and the county fair improvement grant. State aid is a 50 percent matching grant. State funds match dollars spent by the local fair board and can be used for fair and premium programs, horse activities and harness racing. Fair and premium programs can receive up to \$4,500, horse activities can receive up to \$2,000 and harness racing can receive up to \$7,000. County fair improvement grants can request a minimum of \$20,000 and maximum \$100,000. The county fair improvement grant program fund has \$500,000.

In response to Representative Denham, Mr. Caudill and Mr. Kelly

stated the county fair improvement grant program received 15 applications this year. Mr. Caudill said that forty-four counties have benefitted from the county fair improvement program since it began in 2007. In 2012, only seven out of 16 applications were funded due to lack of funding. Mr. Kelly said he did not know why there was a \$20,000 minimum application requirement but that requirement is in the KAR.

In response to Representative Shell, Mr. Kelly stated funding for the county fair program is a line item in the budget. The Kentucky Department of Agriculture cut the small grant program a couple of years ago which was important to building maintenance. There are no outside sources of funding for the county fair program. Mr. Kelly stated he would provide a copy of the KAR and KRS to Representative Shell and information can be found at www.kyagr.com.

Mr. Kelly stated the Kentucky Department of Agriculture's budget for 2015-2016 includes the county fair program at the same allocation it has received in past years. The Kentucky Department of Agriculture will continue to ask for additional money so small grants can be included in the program again.

In response to Representative Denham, Mr. Kelly said that other state infrastructures are better than Kentucky's due to a lack of funding and poor infrastructure. Mr. Kelly stated the Kentucky Department of Agriculture must follow the guidelines as set in KAR and KRS. Mr. Kelly also noted that buildings in rural communities are used throughout the year and each county is limited to applying for funds every three years.

The meeting adjourned at 11:05 a.m.

Interim Joint Committee on Appropriations and Revenue

Minutes of the 6th Meeting of the 2013 Interim

November 25, 2013

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 25, 2013, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Rick Rand, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Representative Rick Rand, Co-Chair; Senators Walter Blevins Jr., Tom Buford, David P. Givens, Sara Beth Gregory, Denise Harper Angel, Ernie Harris, Stan Humphries, Ray S. Jones II, Alice Forgy Kerr, and Christian McDaniel; Representatives John Carney, Leslie Combs, Jesse Crenshaw, Ron Crimm, Robert R. Damron, Mike Denham, Bob M. DeWeese, Myron Dossett, Kelly Flood, Richard Henderson, Martha Jane King, Jimmie Lee, Reginald Meeks, Marie Rader, Jody Richards, Steven Rudy, Sal Santoro, Rita Smart, John Will Stacy, Fitz Steele, Jim Stewart III, Tommy Turner, Jim Wayne, Addia Wuchner, and Jill York.

Guests: Secretary Thomas O. Zawacki, Education and Workforce

Development Cabinet; Commissioner Beth A. Brinly, Department of Workforce Investment; Mr. Clifford "Rip" Rippetoe, President and CEO, and Mr. Anthony Leachman, Chief Financial Officer and Vice President of Finances, Kentucky State Fair Board; Mr. Jeff Ziarko, Director of Government Relations, Enhanced Capital; Mr. David Ferguson, Chairman and Senior Managing Director, 3DR; Mr. Harry Freibert, CPA, President, Freibert Bigg PLLC; President, Kentucky Society of CPAs; Ms. Vivian Stobaugh, Controller, Associated Pallet, Inc. and Premium Hardwoods, Inc.

LRC Staff: Pam Thomas, John Scott, Charlotte Quarles, Eric Kennedy, Jennifer Hays, and Sheri Mahan.

Sector Strategy Program

Secretary Thomas O. Zawacki of the Education and Workforce Development Cabinet and Commissioner Beth A. Brinly of the Department of Workforce Investment discussed the Sector Strategy Program. Secretary Zawacki discussed Kentucky's educational gap and the new educational requirements needed to attract and keep new jobs in the state.

Commissioner Brinly discussed in further detail the talent development sector strategies being utilized by the cabinet. The cabinet is partnering with industries to match training to specific industry needs to address skills gaps in the workforce. Sector strategies can attract businesses, improving the sustainable economic outlook for the state. The state is currently partnering with five sectors to provide those industries with an appropriately trained workforce. These are: automobile/aircraft manufacturing; distribution and logistics; research and development business services; health care/social assistance; and energy creation/transmission. The commissioner provided several examples of successful targeted skills training.

Secretary Zawacki discussed the benefits gained by utilizing sector strategies. Using these strategies, the state can attract new jobs, stimulating economic growth and prosperity. Employers gain an innovative industry sector driven by a skilled workforce. The workers gain highly marketable skills and have better career opportunities.

In response to a question from Representative Rand, Commissioner Brinly said that the cabinet has been working with local school districts to establish college and career readiness centers. The cabinet has also received federal career pathway grants to assist in technical job readiness training. Secretary Zawacki discussed the need for more education counselors in high schools.

Kentucky State Fair Board financial status

Mr. Clifford "Rip" Rippetoe, President and CEO and Mr. Anthony Leachman, Chief Financial Officer and Vice President of Finances of the Kentucky State Fair Board discussed the financial status of the Fair Board. Mr. Rippetoe stated that the board anticipates a \$16 million loss over the next biennium. The board will request a total appropriation of \$48.9 million for FY 14-15, and \$51.2

million for FY 15-16. This total amount will include a general fund request for \$6.2 million in FY 14-15, and \$4.8 million in FY 15-16.

In response to questions from Senator McDaniel, Mr. Rippetoe said that moving the University of Louisville basketball games to the YUM! Center negatively impacted receipts at Freedom Hall. The calculation for the reimbursement owed to the Fair Board by the Louisville Arena Authority will be made in January. It is unclear if a payment will be forthcoming. The Fair Board is fourth in line for repayment if the YUM! Center ever makes a profit.

In response to a question from Representative Meeks, Mr. Rippetoe discussed the future reopening of Kentucky Kingdom.

New Markets Tax Credit Program

Mr. Jeff Ziarko, Director of Government Relations of Enhanced Capital, and Mr. David Ferguson, Chairman and Senior Managing Director of 3DR Laboratories, discussed the New Markets Tax Credit Program. Mr. Ziarko provided an overview of Kentucky's New Markets program, which was enacted in 2010 with credit allocations awarded in 2011. The program consists of \$62.5 million of allocation or investment authority that must be used in low income or high poverty areas. Community Development Entities (CDEs) receive allocations of tax credits that are used to raise private sector capital. Investors earn 39 percent tax credits for investing in CDEs which are claimed over seven years beginning in year three. CDEs must have allocation agreements in force with the U.S. Treasury and a service area that includes Kentucky.

Mr. Ziarko discussed specific results for Kentucky's New Markets program. Over \$60 million of private sector investments in 10 projects have qualified. Investments are supported by \$24.3 million in tax credits, with a maximum of \$5 million being claimed per year. As a direct result of the program, 207 new jobs have been created, 358 jobs have been maintained, and 624 construction jobs were created. Projects have included investments to help small businesses grow and new real estate/facilities development. New investments have increased state and local tax revenues. Mr. Ziarko provided a map of New Markets Eligible areas of Kentucky. Mr. Ferguson discussed his experience utilizing the New Markets Tax Credit Program.

Limited Liability Entity Tax

Mr. Harry Freibert, President of the Kentucky Society of CPAs, Ms. Vivian Stobaugh, Controller of Associated Pallet, Inc. and Premium Hardwoods, Inc., and Mr. Charles George, legislative liaison with the Kentucky Society of Certified Public Accountants, discussed a proposal to amend the Limited Liability Entity Tax (LLET). One deduction allowed when determining Kentucky gross profits is related to costs of goods sold. This term is defined in KRS 141.0401. Pursuant to that definition, the Department of Revenue has been disallowing all costs except for direct materials and direct labor. Its

interpretation disallows costs that are normally understood to be costs of goods sold for federal income tax purposes. When costs are allowed at the federal level but not allowed at the state level, compliance issues may arise, which may impact Kentucky’s business climate. This group proposes to align Kentucky’s cost of goods sold definition for the LLET with that of the federal definition for the federal income tax.

In response to a question from Senator Buford, Mr. George said that it is not known exactly what the fiscal impact will be if changes are made to the LLET.

Being no further business, the meeting was adjourned at 3:30 p.m.

Interim Joint Committee on Appropriations and Revenue
Budget Review Subcommittee on General Government, Finance, and Public Protection
Minutes of the 3rd Meeting of the 2013 Interim
November 25, 2013

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on General Government, Finance, and Public Protection of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 25, 2013, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Christian McDaniel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representatives Dwight D. Butler, Mike Denham, Adam Koenig, Tom McKee, Steve Riggs, Tom Riner, Wilson Stone, and Brent Yonts.

Guests: Donna Early, Executive Director, Kentucky Judicial Form Retirement System; Honorable Chris Cohron, Warren County Commonwealth’s Attorney; Honorable J. Michael Foster, Christian County Attorney; Gina Carey, Executive Director, Office of the Prosecutors Advisory Council; and, Joe Barrows, Executive Director, Commercial Mobile Radio Service Board.

LRC Staff: Frank Willey, Linda Ellis, Jennifer Rowe, and Marlene Rutherford.

Judicial Form Retirement System

Donna Early provided a brief budget update and overview of the Judicial Form Retirement System (JFRS).

In response to questions from Chair McDaniel regarding total dollars requested in each year for the Judicial and the Legislative Retirement plans, Ms. Early said that the totals are \$16.3 million for Judicial, and \$3.3 million for Legislative. Total annual costs of the effects of the implementation of House Bill 299 are not recognized until an actual reciprocity is realized, which can only occur by reason of simultaneous retirement between both plans. Chair McDaniel asked for the number of active employees with an agency other than the General Assembly who will be eligible to take advantage of those provisions. Ms. Early stated the JFRS has no record of employment of legislators, but she will request the

information from the Kentucky Employee Retirement System (KERS).

Chair McDaniel asked about rollover provisions in which legislators can max out inside the Legislative plan and then be rolled into the KRS. Ms. Early replied that the formula for calculating the retirement benefit for all state agencies is to take the final compensation, which is the average of the three or five years of salary multiplied by the service credit rate, or benefit factor, multiplied by years of service. Statutes governing the Judicial and Legislative plans state that once the 100 percent benefit level is reached, then the employee can go into the KERS plan. That level is reached whenever the 2.75 service credit rate is applied and multiplied by 36 years and four months. When legislators in the Legislative plan reach the 100 percent, which requires 36 years and four months, then they would be able to go into the other plan. This also applies to judges in the Judicial plan.

In response to a question from Representative Koenig regarding deficits and unfunded liability, Ms. Early said the Judicial plan is at 57 for the pension and 95 for medical insurance. The Legislative plan is at 58 on the pension side and 110 on medical insurance.

Unified Prosecutorial System

Chris Cohron and Mike Foster provided a budget update for the Commonwealth’s Attorneys and County Attorneys of the Unified Prosecutorial System (UPS).

In response to questions from Representative Stone regarding the increasing caseload, Mr. Foster said the Administrative Office of the Courts (AOC) maintains the numbers and he will provide them at a later date.

In response to questions from Representative Riggs, Mr. Foster said both Commonwealth’s Attorneys and County Attorneys are involved with internet crimes cases, but the Commonwealth’s Attorneys carry the majority of those. There is a mathematical formula in place for the allocation of funds using the number of cases in a given county, number of prosecutors in that county, and number of cases per prosecutor. Special circumstances that may impact that county are also considered.

In response to a question from Representative Koenig, Mr. Foster said all the requested appropriations are critical.

In response to questions from Chair McDaniel, Mr. Cohron said the UPS does not have any influence on court fees, which are set by statute. A high percentage of defendants in the criminal justice system are indigent and it would be unpredictable as to how the moneys would be collected, even if legislative authority is granted to allow the assessment of a court fee. Mr. Foster said the request for 25 positions at \$30,000 each would also include benefits.

In response to a question from Representative Riner, Mr. Cohron said most UPS staff put in 37.5 hours by Wednesday of each week. Most work on weekends. The criminal justice system would come to a screeching halt if prosecutors only worked 37.5 hours per week.

In response to a question from

Representative Koenig, Mr. Cohron said when looking at the budget allocations for each of the 57 judicial circuits, it becomes clear that the differentiation for urban areas is in place as much as possible within the allocation.

In response to a question from Representative Butler regarding inmate medical expenses and coordination with Medicaid, Mr. Cohron said those issues need to be addressed. He said the UPS reviews jail lists multiple times per week to make sure no one is held in jail who does not need to be. The UPS would not let finances override public safety. He said Kentucky and Louisiana are the only states that have a hybrid incarceration system, which has advantages and disadvantages.

Commercial Mobile Radio Service Board

Joe Barrows provided an update on 911 reporting requirements established by Senate Bill 119 of the 2011 General Assembly.

In response to questions from Chair McDaniel, Mr. Barrows said a prepaid cell phone pays an average of 28 or 30 cents per month for the 911 service, as opposed to the 70 cents paid by regular carriers. He said the amount not collected comes to approximately \$4 million to \$5 million annually, and that disparity should be eliminated.

In response to questions from Representative McKee, Mr. Barrows said the formula created in 2006 allows pre-paid cell phone companies to take the revenue made in Kentucky and divide it by 50, which is about the average amount of money an individual would spend on a cell phone. By doing that, a person would get the number of pre-paid customers in the state, and when multiplied by 70 cents, it is the amount that could be collected. The problem is the amount a pre-paid customer uses is 20, according to the FCC. So, by using 50 in the formula, only 40 percent of what could be collected from pre-paid cell phone usage is being collected.

In response to questions from Representative Riggs, Mr. Barrows said secondary Public Safety Answering Points (PSAPs) dispatch, but do not answer emergency calls. The CMRS Board’s only jurisdiction is wireless, and when money is collected and sent to the PSAPs, it has a list of things that the money can be used for. The PSAPs are audited to make sure the money is being spent correctly.

In response to questions from Chair McDaniel regarding the August 1 reporting deadline, Mr. Barrows said the CMRS Board conducts an annual survey of the PSAPs to determine how money is spent. When the report is completed, it is sent to the Legislative Research Commission pursuant to statute to be distributed as required. He hopes to have the information ready to present to the Military Affairs Committee in January 2014. Representative Riggs requested a PSAP to PSAP comparison showing how the 166 PSAPs are using funds and their efficiency rates.

Chair McDaniel requested a motion to approve the minutes of the October 24, 2013 meeting. A motion was made by Representative Stone, seconded by

Representative Koenig, and the minutes were approved without objection.

There being no further business before the subcommittee, the meeting was adjourned at 11:59 AM.

Interim Joint Committee on Appropriations and Revenue
Budget Review Subcommittee on Justice and Judiciary
Minutes of the First Meeting of the 2013 Interim
November 25, 2013

Call to Order and Roll Call

The first meeting of the Budget Review Subcommittee on Justice and Judiciary of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 25, 2013, at 10:00 AM, in Room 169 of the Capitol Annex. Representative Jesse Crenshaw, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Sara Beth Gregory, Co-Chair; Representative Jesse Crenshaw, Co-Chair; Senators David P. Givens and Whitney Westerfield; Representatives Denver Butler, Martha Jane King, John Tilley, and Brent Yonts.

Guests: John D. Minton, Chief Justice, Kentucky Supreme Court; J. Michael Brown, Secretary, Justice and Public Safety Cabinet; and Edward C. Monahan, Public Advocate, Department of Public Advocacy.

LRC Staff: Mike Mullins, Zachary Ireland, and Benjamin Thompson.

Chairman Crenshaw welcomed committee members and guests.

Judicial Branch Budget Update

Chief Justice John D. Minton provided an update on the Judicial Branch’s budget status and expectations for the 2014-2016 biennial budget.

In response to an inquiry from Chairman Crenshaw concerning new technologies, Chief Justice Minton explained that there would soon be an electronic filing site available in Franklin County and the technology is expected to spread quickly to other counties in the state.

In response to a question from Chairman Crenshaw concerning case numbers, Laurie Dudgeon, Director of The Administrative Office of the Courts, clarified that changing the way case numbers are displayed would be part of a complete case management system redesign as opposed to the electronic filing system.

In response to questions from Representative Yonts concerning restitution, Ms. Dudgeon stated that interest for restitution is still manually figured and that the restitution part of the case management system redesign has yet to be implemented. Ms. Dudgeon said that her office is working closely with the Franklin County sheriff’s department in the redesign.

In response to inquiries from Representative Tilley, Ms. Dudgeon noted that no additional pretrial officers have been added since the implementation of HB 463 in 2011. Chief Justice Minton

added that the 12 hour rule for pretrial release was relaxed to accommodate the high turnover rate among pretrial officers.

In response to a question from Senator Givens concerning increases in debt service for the Judicial Branch budget request, Ms. Dudgeon stated that the only increase for this budget request is for defined calculations. There is no increase in debt service for the 2014-2016 budget request.

Justice and Public Safety Cabinet Budget Update

Secretary J. Michael Brown provided a brief update on the Justice and Public Safety Cabinet's budget request for the 2014-2016 biennium.

In response to inquiries from Representative Yonts concerning salaries, Secretary Brown noted that there have been no across the board pay raises, and State Police salaries are not competitive amongst law enforcement.

In response to a question from Representative Tilley concerning correctional officers at the Kentucky State Reformatory, Commissioner LaDonna Thompson of the Department of Corrections stated that there are about 50 fewer correctional officers than needed at the Kentucky State Reformatory.

In response to a question from Chairman Crenshaw concerning prevention programs for Juvenile Justice, Secretary Brown noted that the Justice and Public Safety Cabinet is requesting a \$500,000 increase in each year of the biennium for prevention programs.

Department of Public Advocacy Budget Update

Public Advocate Edward C. Monahan provided an update on the Department of Public Advocacy's budget request for the 2014-2016 biennium.

In response to questions from Representative Yonts concerning DUI fees, Mr. Monahan noted that the reduction in total DUI fees is due in part to the fact that the number of DUI cases has dropped by between six thousand to eight thousand.

There being no further business before the subcommittee, the meeting was adjourned at 12:00 PM.

Interim Joint Committee on Appropriations and Revenue

Budget Review Subcommittee on Postsecondary Education
Minutes of the 5th Meeting
of the 2013 Interim
November 25, 2013

Call to Order and Roll Call

The 5th meeting of the Budget Review Subcommittee on Postsecondary Education of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 25, 2013, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Stan Humphries, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Arnold Simpson, Co-Chair; Senators David P. Givens, and Mike Wilson; Representatives

Julie Raque Adams, Derrick Graham, Reginald Meeks, Jody Richards, and Rita Smart.

Guests: Dr. Terry Holliday, Commissioner, Kentucky Department of Education (KDE); Hiren Desai, Associate Commissioner, KDE; Dr. Robert King, President, Council on Postsecondary Education (CPE); Aaron Thompson, Senior Vice President, Academic Affairs, CPE; Will Nash, Executive Director, Teach for America, Appalachia.

LRC Staff: Tom Willis, Perry Papka, and Amie Elam.

Kentucky Department of Education

Dr. Terry Holliday, Commissioner, Kentucky Department of Education (KDE), and Mr. Hiren Desai, Associate Commissioner, KDE, presented an overview of KDE's 2014-2016 biennial budget request.

In response to a question by Representative Graham, Mr. Desai said that the Kentucky School Board Association does a report at the beginning of the calendar year about school board members who have completed training and those who have not. Dr. Holliday said that superintendents are required to document that they have reviewed important information with each school board member to ensure the training had an impact in the district. Mr. Desai agreed to provide the subcommittee with school board member training hours and said that superintendents are not required to complete training every year.

In response to a question by Representative Miller, Dr. Holliday said that enrollment and projections for enrollment are monitored by KDE staff. The Southern Regional Education Board (SREB) is in the process of doing a critical review of area and local tech centers. The SREB should have the report completed in December.

In response to a question by Rep. Richards, Dr. Holliday said that Kentucky is woefully behind other states in bandwidth capacity. A mobile device to each student would cost approximately \$200 per device. To provide the students with the devices, the bandwidth capacity per student must be increased. Dr. Holliday said that 41 priority schools are under state supervision.

In response to a question by Senator Wilson, Mr. David Couch, KDE, said that, given the lifespan of mobile devices, the department is looking at built-in leasing options for instructional device replacements. The leasing option would give schools the capability to get the newest available model.

Council on Postsecondary Education

Dr. Robert King, President, Council on Postsecondary Education (CPE), presented an overview of CPE's 2014-2016 biennial budget request.

In response to a question by Chair Flood, President King said that CPE has been meeting with the state association of human resource directors to determine which baccalaureate degrees would be in highest demand in the workplace. Mr. Aaron Thompson said that CPE is working

with Secretary Thomas Zawacki, although CPE will take a much more focused look on adults.

In response to a question by Representative Adams, President King said that the Workforce Development Match Program is similar to the Bucks for Brains program. KCTCS is now engaged in fundraising and looking to grow endowments to support scholarships and meet needs that cannot be met through state appropriations.

In response to a question by Representative Carney, CPE agreed to have the Kentucky Higher Education Assistance Authority (KHEAA) provide information regarding the budget requests for the College Access Program (CAP) and the Kentucky Tuition Grant (KTG).

Teach for America, Appalachia

Mr. Will Nash, Executive Director, Teach for America, presented an overview of Teach for America's history and highlighted key program data.

In response to a question by Representative Carney, Mr. Nash said that it is part of the Teach for America retention strategy to find teachers with ties to the area where they are teaching.

In response to a question by Representative Adams, Mr. Nash said that the school districts pay the teachers' salaries. Teachers are not required to join the union.

In response to a question by Chair Flood, Mr. Nash said that Teach for America provides support and a level of professional development for their teachers. Teach for America has some capacity to provide professional development for its teacher colleagues, but it is on a more limited basis.

In response to a question by Senator Givens, Mr. Nash said that 90 percent of Teach for America is private funding and 10 percent is public funding. Districts pay a finder's fee for each Teach for America teacher they hire.

In response to a question by Chair Humphries, Mr. Nash said that Teach for America is seeking a \$1.2 million appropriation. The appropriation would allow Teach for America to expand to eleven new districts and allow for more intensive recruitment.

There being no further business, the meeting was adjourned at 11:55 a.m.

Interim Joint Committee on Appropriations and Revenue

Budget Review Subcommittee on Primary and Secondary Education
Minutes of the 4th Meeting
of the 2013 Interim
November 25, 2013

Call to Order and Roll Call

The 4th meeting of the Budget Review Subcommittee on Primary and Secondary Education of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 25, 2013, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Stan Humphries, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries,

Co-Chair; Representative Kelly Flood, Co-Chair; Senators David P. Givens, and Mike Wilson; Representatives John Carney, Jeffery Donohue, Derrick Graham, Dennis Horlander, Charles Miller, and Steven Rudy.

Guests: Dr. Terry Holliday, Commissioner, Kentucky Department of Education (KDE); Hiren Desai, Associate Commissioner, KDE; Dr. Robert King, President, Council on Postsecondary Education (CPE); Aaron Thompson, Senior Vice President, Academic Affairs, CPE; Will Nash, Executive Director, Teach for America, Appalachia.

LRC Staff: Tom Willis, Perry Papka, and Amie Elam.

Kentucky Department of Education

Dr. Terry Holliday, Commissioner, Kentucky Department of Education (KDE), and Mr. Hiren Desai, Associate Commissioner, KDE, presented an overview of KDE's 2014-2016 biennial budget request.

In response to a question by Representative Graham, Mr. Desai said that the Kentucky School Board Association does a report at the beginning of the calendar year about school board members who have completed training and those who have not. Dr. Holliday said that superintendents are required to document that they have reviewed important information with each school board member to ensure the training had an impact in the district. Mr. Desai agreed to provide the subcommittee with school board member training hours and said that superintendents are not required to complete training every year.

In response to a question by Representative Miller, Dr. Holliday said that enrollment and projections for enrollment are monitored by KDE staff. The Southern Regional Education Board (SREB) is in the process of doing a critical review of area and local tech centers. The SREB should have the report completed in December.

In response to a question by Rep. Richards, Dr. Holliday said that Kentucky is woefully behind other states in bandwidth capacity. A mobile device to each student would cost approximately \$200 per device. To provide the students with the devices, the bandwidth capacity per student must be increased. Dr. Holliday said that 41 priority schools are under state supervision.

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In response to a question by Chair Humphries, Mr. Nash said that Teach for America is seeking a \$1.2 million appropriation. The appropriation would allow Teach for America to expand to eleven new districts and allow for more intensive recruitment.

There being no further business, the meeting was adjourned at 11:55 a.m.

Interim Joint Committee on Appropriations and Revenue

Budget Review Subcommittee on Transportation

Minutes of the 5th Meeting of the 2013 Interim

November 25, 2013

Call to Order and Roll Call

The fifth meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 25, 2013, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called

the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Senator Ernie Harris; Representatives Tim Couch, Jim Gooch Jr., Keith Hall, Dennis Keene, Sal Santoro, John Short, and Jim Stewart III.

Guests: Juva Barber, President, Kentuckians for Better Transportation; Secretary Mike Hancock, Transportation Cabinet; Ron Rigney, Director, Division of Program Management, Transportation Cabinet.

LRC Staff: Chuck Truesdell, Jennifer Anglin, and Spring Emerson.

Chair Higdon recognized former Washington County Judge/Executive John Settles, who was present to represent the Lebanon-Springfield Airport.

General Aviation Airports in Kentucky

Juva Barber, President, Kentuckians for Better Transportation (KBT), provided an overview of the General Aviation Airports in the Commonwealth.

In response to a question from Chair Higdon regarding the appropriation of collected funds according to KRS 183.525, Ms. Barber said in years past some of the funds had been diverted to the General Fund. She said KBT would like to see clear usage of the funds. The statute allows for a carryforward, therefore enabling some of the larger airport projects to be completed more quickly.

In response to a question from Representative Keene, Ms. Barber explained that the Eastern Kentucky University aviation program is number three in the nation for training students in the field of aviation. It helps them learn the skills they will need in order to advance through the industry and gain the certifications required to move up.

In response to a question from Senator Harris, Ms. Barber verified that numbers one and two in the nation for aviation education are Embry-Riddle Aeronautical University and North Dakota, respectively.

In response to a question from Chair Higdon regarding other needs of the General Aviation Airports, Ms. Barber said there would be more issues to discuss at a later date.

Chair Higdon called for a motion to approve the minutes of the meetings held on September 26, 2013 and October 24, 2013. Motion was made by Representative Stewart, seconded by Senator Harris, and the minutes were approved without objection.

Future of Federal Highway Funding

Transportation Cabinet Secretary Mike Hancock provided an overview of Federal Highway Trust Funds.

In response to a question from Representative Keene regarding raising the federal gas tax, Secretary Hancock said Congress is looking at a number of things on a national level, including various financing options.

In response to questions from Senator Harris regarding the timing of the decision by Congress on the \$40 billion, Secretary Hancock said it is through an Authorization Act for the authorized level of spending. He said a multi-year Act lasts

typically five to six years, but the MAP-21 is different in that it was written as if it were a five- or six-year bill, but it only provided funding for the first two years. Even with a multi-year bill, in each year the appropriators then decide how much of the authorized level will be actually spent. The decision for transportation authorizations would likely be made in late summer or early fall.

In response to questions from Representative Stewart regarding incomplete projects, Secretary Hancock said there are some projects in fiscal year 2011-12 that have not yet been completed due to federal funds not being authorized. There was a project in fiscal year 2009-10 in Bowling Green that has not yet been completed due to environmental issues. He will provide more information on this subject at a later date.

In response to further questions from Representative Stewart regarding the railroad system and its relation to road work, Secretary Hancock said the railroads are mostly privately held and do not provide a direct monetary contribution, but the cabinet works together with the railroads on some things. He added that the railroads have certain rights and clearance requirements that must be considered as the cabinet works with them on a daily basis.

Representative Keene commented that three things drive economic development: location, transportation, and an educated work force. Kentucky has location and is doing well on education, but the roads are critical. He thanked Secretary Hancock for the fine work the cabinet is doing for the Commonwealth.

There being no further business before the subcommittee, the meeting was adjourned at 10:46 AM.

Interim Joint Committee on Banking and Insurance

Minutes of the 2nd Meeting of the 2013 Interim

November 26, 2013

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Banking and Insurance was held on Tuesday, November 26, 2013, at 10:00 AM, in Room 149 of the Capitol Annex. Senator Tom Buford, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Tom Buford, Co-Chair; Representative Jeff Greer, Co-Chair; Senators Jared Carpenter, Julie Denton, Chris Girdler, Morgan McGarvey, Dennis Parrett, Dorsey Ridley, Albert Robinson, Dan "Malano" Seum, and Brandon Smith; Representatives Julie Raque Adams, Johnny Bell, Dwight D. Butler, Ron Crimm, Robert R. Damron, Mike Denham, Joseph M. Fischer, Jim Gooch Jr., Mike Harmon, Dennis Horlander, Dennis Keene, Adam Koenig, David Meade, Michael Meredith, David Osborne, Sannie Overly, Ruth Ann Palumbo, Ryan Quarles, Jody Richards, Steve Riggs, Bart Rowland, Jonathan Shell, and Wilson Stone.

Guests: Sharon Clark, Commissioner, Department of Insurance, D J Wasson, Department of Insurance, Ballard

Cassady, President/CEO, Kentucky Bankers Association, Debra Stamper, General Counsel, Kentucky Bankers Association, John Cooper, Government Affairs Consultant, Kentucky Bankers Association, Lawrence Ford, Anthem, Melissa Metzger, General Counsel, Anthem, Mark Wolford, Vice President, Bluegrass Bankers Association, and Robert Ross, Executive Vice President, Bluegrass Bankers Association.

LRC Staff: Rhonda Franklin, Sean Donaldson, and Jamie Griffin.

The minutes of the June 25, 2013 meeting were approved.

Reissuance of Health Benefit Plans not complying with Affordable Act

Sharon Clark, Commissioner of the Department of Insurance, testified about health insurance transitional relief for 280,000 insureds in the state who received notice that their individual or small group health plan would be discontinued for 2014. The transitional plan is in response to the President's recent announcement that current health policies that will be non-compliant with the Affordable Care Act (ACA) for plan year 2014 may be exempt if the state and its insurers agree to continue the policies. Health insurers operating in the state were asked to report to the department whether they were planning to continue to offer their prior year's policies in 2014. Humana will offer its current plans to its insureds, and United Healthcare will offer its current plan to its insureds, with small modifications. Bluegrass Family Health will not offer its current plans for the 2014 plan year.

Representative Julie Raque Adams asked if the Department of Insurance will have increased operational costs due to transitional relief. Commissioner Clark stated that she is not anticipating any increase in operational costs.

Senator Tom Buford asked if state employee insurance plans will be impacted. Commissioner Clark said that the state employee plan is self insured under the Personnel Cabinet, and the Department of Insurance cannot address that question.

Senator Brandon Smith stated that he is concerned about the number of people who will be stranded and not insured. Commissioner Clark stated that the insurance companies will be making the decision to make the changes in order to comply and offer a transitional plan.

Senator Dan Seum asked the estimated number of uninsured people in the state. Commissioner Clark stated that the number is 640,000.

Representative Bob Damron asked when Kentucky Access would cease operation. D J Wasson stated that program will cease operation on December 31, 2013, but that claims made in 2013 will continue to be paid into 2014. December is usually a heavy claims month, and the department is monitoring Kentucky Access very closely.

Melissa Metzger, General Counsel with Anthem, testified that it would not offer its current plans for the 2014 plan year. Anthem has been selling insurance in Kentucky for 75 years and is the largest provider in the state. Anthem has spent about \$150 million dollars to be ACA

compliant. Anthem has taken steps to allow individual and small groups to keep their plans through December 1, 2014. About one-third have accepted the offer to change the effective date on their policies to allow individuals and small groups to keep them for one more year.

State of the Banking Industry in Kentucky and Overview of Foreclosure Issues

Ballard Cassady, President and CEO of the Kentucky Bankers Association, (KBA) reported on state banking issues in Kentucky. The KBA represents 96 percent of state banks, often referred to as “community banks,” which hold 98 percent of all assets in Kentucky and approximately \$69.5 billion in deposits. Despite the strength of the state banks, there is concern about the industry’s role in economic recovery, the requirements imposed on state banks, and the unintended advantages given to the large national banks by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). Large national banks are better able to absorb the new regulatory expenses as operating costs than the community banks, allowing them to undercut community banks in the marketplace through loan rates and terms. While the community banks represented no systemic risk for the nation’s financial system, the regulatory burdens imposed by Dodd-Frank on banks of all sizes are challenging the future of smaller banks. The requirement that bank boards change their role from business development to management oversight will make it difficult for community banks to fill bank director positions, due to increased responsibility and possible personal liability.

Debra Stamper, General Counsel, Kentucky Bankers Association, addressed foreclosure issues and resultant abandoned and vacant property issues. She recommended reducing the time period for the right of redemption of a foreclosed property from one year to six months, saying could improve sales and prices at foreclosure sales. She recommended standardizing the process for master commissioner sales because each county has its own rules for sales, making it difficult for purchasers to understand the process. Finally, the KBA is considering discussion of non-judicial foreclosures, or deeds of trust. Kentucky is a strict judicial foreclosure state, while many states allow non-judicial foreclosures, which are less costly, faster, easier to accomplish, easier for the defaulting borrower to understand, eliminate deficiency judgments, result in less risk to neighborhoods due to abandoned properties, and allow transfer upon completion of sale.

Representative Julie Raque Adams suggested the possibility of a pilot program of non-judicial foreclosures in Jefferson County.

Mark Wolford, Vice President, and Robert Ross, Executive Director with the Bluegrass Bankers Association, addressed the need to reduce the length of time for the right of redemption. Also, requiring county clerks to provide timely notice

of tax delinquency certificates to the mortgage holder could reduce the number of foreclosures.

Senator Tom Buford stated that he has legislation for the upcoming session regarding right of redemption.

With no further business, the meeting was adjourned.

Interim Joint Committee on Economic Development and Tourism

Minutes of the 5th Meeting of the 2013 Interim November 21, 2013

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Economic Development and Tourism was held on Thursday, November 21, 2013, at 1:00 PM, in the University of Kentucky’s Student Center Ballroom, Lexington. Senator Alice Forgry Kerr, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgry Kerr, Co-Chair; Senator Dennis Parrett; Representatives Lynn Bechler, Kevin D. Bratcher, Tim Couch, Mike Denham, Bob M. DeWeese, Jeffery Donohue, Mike Harmon, Richard Heath, Dennis Keene, Thomas Kerr, Kim King, Martha Jane King, Brian Linder, Tom McKee, Terry Mills, David Osborne, Ruth Ann Palumbo, John Short, Arnold Simpson, Wilson Stone, Russell Webber, and Jill York.

Guests: Dr. Eli Capilouto, President, University of Kentucky; Dr. Mark Evers, Director, Markey Cancer Center, University of Kentucky; Ashli Watts, Manager of Public Affairs, and Brent Cooper, Board Member, Kentucky Chamber of Commerce.

LRC Staff: John Buckner, Louis DiBiase, and Dawn Johnson.

Approval of Minutes

A motion by Representative Keene, seconded by Representative Harmon, to approve the minutes of the October 17, 2013 meeting carried by voice vote.

University of Kentucky’s Economic Impact to the Commonwealth

Dr. Eli Capilouto, President of the University of Kentucky, said the university successfully represents the two foremost indicators of prosperity--education and health. The state’s \$284 million appropriation saw a return on investment that includes a \$1 billion hospital, \$2.7 billion academic and research enterprise, more than 5,000 degree candidates annually over the past decade, a statewide cooperative extension network in every county, the expertise for public/private business and industry, a self-sustaining collegiate athletics program, as well as being Lexington’s largest employer and the second largest employer in the state.

Dr. Capilouto noted that Lexington was designated a “Brain Hub” by the *Wall Street Journal*. Eight-six percent of UK graduates live in Kentucky five years after graduation. The university is the largest research enterprise in the state. In 2012, UK conducted \$354 million of research sponsored by outside entities. The “Bucks for Brains” program has allowed

the acquisition of exceptional talent. Nationally, UK is 38th among public research universities.

Dr. Capilouto said the university has made critical investments in research space, including the Biological Biomedical Science Research Building, the College of Pharmacy and the Spinal Cord and Brain Injury Research Center. He reviewed several of the many uses of these facilities.

Dr. Capilouto spoke on the leadership, investment, success, and need for the Markey Cancer Center. The state must continue partnerships and investments for a brighter future.

Dr. Capilouto explained several of the university’s commercialization and innovation efforts, including the Center For Applied Energy Research, the Houseboat to Energy Efficient Residences, Faith Moves Mountains, and licensing revenues and patents. The Coldstream Research Campus includes the Advanced Science & Technology Commercialization Center on UK’s campus, and the businesses and organizations of the Coldstream Research Campus including Eastern State Hospital, Bingham McCutchen, and Tempur Sealy.

UK’s Cooperative Extension Service serves all 120 counties, providing financial management strategy assistance, farming resource management and sustainable agriculture practices advice, tourism/agritourism assistance, and 4-H involvement.

Dr. Capilouto spoke on UK HealthCare’s success. Through the legislature’s support, UK HealthCare has nearly 36,000 admissions and 450,000 outpatient visits annually. Revenues have risen to \$922 million and over 3,500 jobs have been added at UK HealthCare and the College of Medicine. There are 140 outreach clinics throughout central and eastern Kentucky.

UK’s Athletics program is one of the few self-sustaining programs nationally. The athletics program makes possible investments in the university through scholarships and \$65 million to the new Academic Science Building.

A \$264 million private investment will result in new modern housing for 4,600 students. On-campus living increases student success. Construction has resulted in additional jobs and additional state and local tax revenues.

Dr. Capilouto gave an overview of the three projects that have begun as a result of House Bill 7, which allowed the university to self-finance projects. The Gatton College of Business and Economics is entirely funded through philanthropy, and new construction at the college should be completed by May 2016. The Academic Science Building, a \$100 million project of which two-thirds is financed by UK Athletics, will begin December 2013. The Commonwealth Stadium renovation, a \$110 million project privately financed by UK athletics, will also begin in December 2013. Plans include meeting space for large group campus and public events.

Because of the state’s investment, UK provides the expertise of faculty that supports not only public endeavors but imaginative private initiatives, a self-

sustaining collegiate athletics program, and continued private investments that bring jobs into the state.

Smoke-Free Policies and the Workplace

Dr. Mark Evers, Director of the University of Kentucky’s Markey Cancer Center, spoke of the need to address Kentucky’s high cancer rates. Nationally, Kentucky ranks highest in smoking related cancers and cancer mortality rates, and it has the second highest incidents rate of all cancers. Eastern Kentucky has some of the highest cancer rates in the country. Approximately 34 percent of Kentucky’s population is protected by comprehensive smoke-free workplace laws or regulations. Kentucky is doing better than surrounding tobacco-producing states. When the National Cancer Institute (NCI) returns for the center’s reevaluation, Dr. Evers hopes that Kentucky will be 100 percent covered by smoke-free policies. Benefits of existing smoke free policies include \$21 million in healthcare cost savings and a 22 percent decline in asthma-related emergency department visits. There has been no indication of economic harm by smoke-free laws in rural communities.

The Markey Cancer Center received the NCI designation July 2013, following years of work and a rigorous application and review process. The center is one of 68 NCI designated cancer centers in the country, ranks in the top three percent of cancer centers, and is the only NCI cancer center in the state. The NCI designation attracts faculty who bring multiple research grants and have access to more clinical trials that are only available at NCI designated centers, and it increases the number of second opinions on cancer diagnoses. NCI centers have economic benefits through the increased number of employees, patients, biotechnology, patents, licenses, and royalties.

Dr. Evers said the first question asked during the NCI review process concerned what the center was doing about Kentucky’s smoking problem. While 34 percent of Kentucky’s population is covered by smoke-free policies, the center will be reevaluated through a competitive application in 2017. Improvement needs occur through increased research and community outreach. Having Kentucky 100 percent covered by smoke-free laws will help with the renewal of the designation status.

Chair Kerr informed members that Dr. Lee Todd, former President of the University of Kentucky, was unable to attend, but speaking notes were in the meeting materials.

Ashli Watts, Manager of Public Affairs, Kentucky Chamber of Commerce, urged members to support a bill that would prohibit smoking in indoor workplaces and public places. With 29 percent of Kentuckians still smoking, which is the highest rate in the country, the Center for Disease Control estimates smoking costs Kentucky more than \$1.5 billion annually, including \$487 million in state-funded Medicaid costs. Smoking causes significantly higher rates of absenteeism. The business community can no longer ignore the effects smoking has on insurance premiums and tax bills. A recent

Ohio State University study showed employers pay approximately \$6,000 more per year for a smoking employee compared to a nonsmoking employee. Kentucky ranks 48th in workplace exposure to cigarette smoke. Kentucky businesses incur increased costs for workers in unemployment compensation, disability benefits, operations, maintenance, and property insurance. Over 90 percent of Chamber of Commerce members who responded to a 2013 policy survey supported a comprehensive smoking law. Comprehensive laws and ordinances have been passed in 24 states and 23 Kentucky communities, including Louisville and Lexington. Numerous studies have indicated smoke free laws do not have a negative impact on the economy and in many cases have a positive one.

Responding to Senator Parrett's question, Ms. Watts said the proposed legislation is a comprehensive smoke-free law that covers all indoor public places.

Responding to Representative Harmon's question, Ms. Watts said approximately 50 percent of Chamber of Commerce members responded to the survey, however she needs to verify this information. Representative Harmon asked that she forward this information to all members.

Brent Cooper, a Kentucky Chamber of Commerce Board member, expressed support for a comprehensive smoke-free initiative. He urged members to consider smoking as an economic development and state issue when considering legislation. Surveys indicate a business's main issue when considering relocation is quality of workforce. A smoke-free law would signal that health and wellness are important to the business community.

Representative Simpson said constituents opposed to smoking policies often are concerned about encroachment on personal rights. Responding to Representative Simpson's question, Mr. Cooper said the focus is on smoking in public spaces.

Representative Simpson said legislators recognize in many instances that promulgation of public policy is best left to local communities. Responding to Representative Simpson's request for a response, Mr. Cooper said the state makes many public policy decisions, such as the statewide seatbelt law.

There being no further business, the meeting adjourned at 2:25 PM.

Special Subcommittee on Energy

Minutes of the 5th Meeting of the 2013 Interim

November 15, 2013

Call to Order and Roll Call

The 5th meeting of the Special Subcommittee on Energy was held on Friday, November 15, 2013, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Jared Carpenter, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jared Carpenter, Co-Chair; Representative Richard Henderson, Co-Chair; Senators Ernie Harris, Jimmy Higdon, Ray S. Jones

II, and Dorsey Ridley, Representatives Rocky Adkins, Dwight D. Butler, Leslie Combs, Tim Couch, Will Coursey, Keith Hall, Thomas Kerr, Martha Jane King, Tanya Pullin, Tom Riner, John Short, John Will Stacy, and Fitz Steele.

Guests: Rodney Andrews, Director, Center for Applied Energy Research; Ron Willhite, Director, School Energy Managers Project, Kentucky School Boards Association; Gregory T. Guess, Director, Division of Efficiency and Conservation, Kentucky Department for Energy Development and Independence; and Representative Dennis Horlander, legislative guest.

LRC Staff: D. Todd Littlefield, Janine Coy-Geeslin, and Susan Spoonamore, Committee Assistant.

The July 19, 2013, September 20, 2013, and October 18, 2013 minutes were approved without objection, by voice vote, upon motion made by Representative Hall and seconded by Senator Higdon.

Carbon Capture and Utilization Research and Development at the Center for Applied Energy Research

Mr. Rodney Andrews, Director, Center for Applied Energy Research (CAER), said that the new source performance standards report for carbon dioxide (CO₂) emissions from electrical utility generating units is the reason for carbon capture research. The new emission limits for new coal units will be 1,100 pounds CO₂ per mega watt hour, and natural gas-fired units have a limit of 1,000 pounds of CO₂ per mega watt hour. The easy and low-cost solution for coal units would be highly efficient new generation that does not include carbon capture and storage, but the report indicates that using new technology would not help to reach the new standards. The report also stated that any unit that does not have carbon capture and storage will not provide meaningful reductions in CO₂ emissions.

Mr. Andrews discussed other points of the report saying that the end result would be switching from coal units to natural gas, to renewable, or to nuclear to reduce the carbon dioxide emissions. Efficiency can be improved and should be done on existing plants and on use. Carbon can be captured, stored, and used. While carbon capture is not the solution for all CO₂ produced from power plants, it has uses.

CAER is working to make carbon capture more efficient in order to reduce the operating costs by having better solvent and capture systems. The Department of Energy (DOE) wants 90 percent of CO₂ captured. DOE has set a timeline to lessen carbon emissions, but new technology takes a lot of money and time to develop.

The Carbon Management Research Group (CMRG) was initially funded by \$1,000,000 in state funds along with matching funding from the utilities in Kentucky. The money has been leveraged to support CMRG's research. For every dollar of state money spent, approximately \$11 comes into the program.

Mr. Andrews spoke about the Slipstream Project, a CO₂ capture demonstration project at E.W. Brown Generation Station in Harrodsburg, Kentucky. The project involves advance

solvents, adding a catalyst, and reducing energy costs and penalties. Goals of the project are to lower capital costs and operational costs.

Another research area of CAER is CO₂ utilization. Mr. Andrews spoke about the East Bend Project, which involves growing algae off of flue gas. Algae can be used to make drop-in diesel and jet fuel, methane, bio diesel, animal feed, and crude bio oil. The novel, lower cost technologies used to make these products may be available in 2020.

Mr. Andrews stated that standards will be placed on natural gas in the future, and that industry will also have a tough time reaching those standards. Kentucky needs to keep all options available which will take time and money. Investments in coal communities need to be made in Kentucky.

In response to Senator Carpenter, Mr. Andrews said the major growth for coal-fired generation is in China and developing Asia. He said that some plants in the United States are at least 50 years old, and China is building new plants that are more efficient.

Representative Adkins stated that AEP recently decided to shut down the Big Sandy Plant in eastern Kentucky. The economies of eastern and western Kentucky have taken an enormous financial hit. As an example, the school district and property taxes in Louisa, Kentucky, have lost approximately \$500,000, and the county government has lost about the same amount. The Public Service Commission made a ruling to help with \$200,000 per year for five years to help recover the economy. One trucking company alone pays \$200,000 per month in payroll to its truck drivers.

In response to Representative Adkins, Mr. Andrews stated that the Clean Air Act had a timeline for implementation that was based on current technology. The new regulations reducing carbon emissions are based on doing everything now. Because natural gas is cheap right now, Kentucky is getting away from coal-fired plants. When the cost of natural gas starts to increase, coal will be an alternative. As that happens, there will be no available technology for coal units that have been closed. Policies cannot be developed that ignore current technology.

In response to Representative Henderson, Mr. Andrews stated that waiting to see what is going to happen with the federal regulations regarding coal would be detrimental to Kentucky. Kentucky needs to continue to find solutions that work for the state.

In response to Representative Hall, Mr. Andrews stated that the Kemper County Energy Facility in Mississippi is integrating new technology for the gasifier with carbon capture storage, which has not been done in that way. Cost overruns will happen because it is an ambitious and experimental project.

In response to Representative Hall, Mr. Andrews stated that, in terms of transportation efficiency, diesel is still the best fuel. Coal to ethanol works well and the plants can be smaller. The United States is producing more oil but still imports approximately 40 percent.

In response to Representative Martha Jane King, Mr. Andrews said the units that are closed in the TVA area could be made more efficient by repowering. To bring the plants back on-line would depend on each plant and unit. They would have to be retro-fitted with current emission control requirements.

In response to Representative Riner, Mr. Andrews said that the Chinese are making efforts to reduce their emissions. China is willing to make more significant investments in carbon capture and to try things on a larger scale than the United States. The United States is pushing China to reduce its emissions, but China is also moving forward on its own.

In response to Representative Kerr, Mr. Andrews said the cost of algae utilization conversion compared to solvent based capture is more expensive. The major hurdle of algae is that the process of algae utilization is very slow, requiring long-term use of large amounts of land.

Energy Efficiency in Kentucky Schools

Ron Willhite, Director, School Energy Managers Program, Kentucky School Boards Association, Gregory T. Guess, Director, Division of Efficiency and Conservation, Kentucky Department for Energy Development and Independence, Jon Nipple, Energy Manager for programs that are funded by Louisville Gas and Electric and Kentucky Utilities, and Jim Arnold, Energy Manager for Butler County Schools, testified.

Mr. Willhite explained that some of the statutory requirements for School Energy Management and Highly Efficient buildings include developing and implementing energy management plans and presenting an annual report to Kentucky School Boards Association (KSBA) and the Legislative Research Commission. When new schools are being constructed or renovated, they should meet or exceed efficiency standards. KSBA works with the local boards of education to develop and implement an energy policy.

Mr. Willhite said that the School Energy Managers Project was initially funded by the Kentucky Energy and Environment Cabinet through the American Reinvestment Recovery Act. The money funded 35 new energy managers to serve 130 school districts. There were 14 energy managers already in place.

Mr. Nipple explained that half of the energy in schools can be attributed to heating and air conditioning and ventilation, and about one-fourth of the energy is for lighting. Some of the best practice trends include geo-thermal, variable refrigerant flow systems, and energy recovery wheels and Co sensors on air coming into buildings.

Best practice trends for lighting are daylight harvesting and LED technology. LED offers better illumination, long reliable life, and good energy savings. A building automation system is a web-based digital control system for zone and individual room control. The system is sophisticated and requires training. A new school constructed in Owen County used best practices such as geothermal heating and cooling and web-based automation

lighting control. When renovating an old school, certain elements are kept but others, such as lighting, are replaced. After the old building was renovated, the annual operating costs were reduced by approximately \$21,000 to \$60,135. The new construction, which was double the size of the renovated building, has an annual operating cost of approximately \$77,000.

Mr. Arnold said that Butler County was one of the first to be all Energy Star throughout the district. The formula for success has been leadership, investment, partnership, and recognition. Before the school district will invest in any energy saving opportunity, the opportunity must pay for itself. Butler County reinvests money from energy savings into technology and maintaining and updating buildings. Since 2009, the financial impact has been a savings of approximately \$62,000 per year.

Key actions for energy savings are accountability by tracking improvements and sustainability, collection of data, reinvestment of energy savings, investment in proven technologies, and having an Energy Manager.

Mr. Guess gave an update on Net-Zero Energy Schools and energy and education collaborative, which has enabled schools to be energy efficient. A net-zero energy school is one that produces and uses the same energy over the course of the year. Locust Trace AgriScience Farm qualified as a net-zero energy school within the past year. Locust Trace produces a surplus of energy. The Richardsville Elementary School in Warren County is widely acknowledged as the first public school in the country to achieve net-zero status. For the last two years, the elementary school produced enough energy that it receives money from its electricity supplier for excess power generated. In 2012, it received a check from TVA for \$37,277.31. So far in 2013, it has received approximately \$30,000. The savings can be attributed to solar panels installed on the roof of the school. Mr. Guess suggested that schools might want to be net-zero ready because the cost of solar is expensive at this time. After solar costs come down, a net-zero ready school can install solar panels.

Initiatives and organizations such as Kentucky Energy Efficiency Program for Schools (KEEPS), National Education Development Project, Kentucky Environmental Education Council, and the Kentucky School Board Association are working with the School Energy Managers Program.

Mr. Willhite said that schools are collecting and assembling data to provide the results for the last three years to the Legislative Research Commission. For the last three years, Kentucky has gone from 65 to 59 on the Energy Utilization Index resulting in a savings of approximately \$30 million. Savings can be found in older schools by placing a trained energy specialist in the schools and utilizing the existing technology. Since 2008, Kentucky has increased the number of Star Energy schools from 12 to 233, and now ranks third in the nation.

The Energy Cabinet is providing

state grant funds to the Kentucky Energy Managers Program. LG&E and KU also provide matching funds for salaries of energy managers in their service areas. There are 34 energy managers serving 76 districts. The largest issue in getting energy managers hired in school districts is the decision by the local school board and the superintendent to hire a non-classroom position.

In response to Representative Stacy, Mr. Arnold stated that Butler County reduced its transportation costs by reducing bus routes and limiting the number of minutes to warm up a bus on a cold day.

Representative Stacy stated there are other ways to cut costs on energy savings such as renovating older schools instead of building new mega-schools and using liquefied natural gas (LNG), which is a proven technology for transportation fuel. LNG would save millions of dollars in transportation costs.

In response to Representative Riner, Mr. Nipple said there are several schools that have employed the use of motion sensor lighting and dark campus strategy, which turns the lights out at certain times of the day when the school is not in use.

In response to Representative Adkins, Mr. Willhite agreed that there are net-zero schools that have an agreement with utility companies to sell back excess power.

The meeting adjourned at 12:00 p.m.

Interim Joint Committee on Health and Welfare

Minutes of the Sixth Meeting of the 2013 Interim

November 20, 2013

Call to Order and Roll Call

The sixth meeting of the Interim Joint Committee on Health and Welfare was held on Wednesday, November 20, 2013, at 1:00 p.m., at the University of Louisville Health Sciences Center, Clinical and Translational Research Building, 505 South Hancock Street, Seminar Room 101/102, Louisville, Kentucky. Senator Julie Denton, Co-Chair, called the meeting to order at 1:09 p.m., and the secretary called the roll.

Present were:

Members: Senator Julie Denton, Co-Chair; Representative Tom Burch, Co-Chair; Senators Perry B. Clark, David P. Givens, Jimmy Higdon, Alice Forgry Kerr, and Katie Stine; Representatives Julie Raque Adams, Robert Benvenuti III, Bob M. DeWeese, Kelly Flood, Joni L. Jenkins, Mary Lou Marzian, Tim Moore, Darryl T. Owens, Russell Webber, Susan Westrom, and Addia Wuchner.

Guests: Don Miller, M.D., Ph.D., Director, James Graham Brown Cancer Center;

Ken Marshall, President, University of Louisville Hospital & James Graham Brown Cancer Center/KentuckyOne Health; Craig Blakely, Dean of the University of Louisville School of Public Health and Information Sciences; Audrey Haynes, Secretary, Cabinet for Health and Family Services; Mary Begley, R.N., Commissioner, and Allen Brenzel, M.D., MBA, Medical Director, Deputy Commissioner, Department

for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services; Carrie Banahan, Executive Director, Office of the Health Benefit Exchange, Cabinet for Health and Family Services; Barbara Bowers, Brennan Greene, Mark Prussian, and John Meyer, Ophthalmologists; Don Putnam, Kentucky Concerned Family Network; John Buvicic, Passport Health Plan; Sherri Craig, KentuckyOne Health; Don Rogers, Bluegrass.org; Greg Wells, KBLTCA; Shannon Buzard, citizen; Carol Mueller, Council on Developmental Disabilities; Barbara Gordon, KIPDA; Sarah S. Nicholson, Kentucky Hospital Association; Gasmets Alcalde, Foundation for a Healthy Kentucky; Adrienne Gilbert, Take Back Kentucky; Katie Carter, Kentucky Youth Advocates; Jeffrey Bumpous, University of Louisville; Donovan Fornwalt, The Council on Developmental Disabilities; Jill Seyfred, Prevent Child Abuse Kentucky; Eric Clark, Kentucky Association of Healthcare Facilities; Becky Bearblossom, Home Instead Senior Care; and Kip McNally, Attorney.

LRC Staff: DeeAnn Wenk, Ben Payne, Jonathan Scott, Sarah Kidder, Gina Rigsby, Cindy Smith, and Wesley Whistle.

Welcome

Don Miller, M.D., Ph.D., Director, James Graham Brown Cancer Center, and Ken Marshall, President, University of Louisville Hospital & James Graham Brown Cancer Center/KentuckyOne Health stated that University of Louisville Hospital and the James Graham Brown Cancer Center are both teaching facilities. The center is nine months into an operating contract with KentuckyOne Health, and has seen the benefits of being part of a larger healthcare system. The center is the region's cancer center with state-of-the art programs focused on patients. According to the NCI Seer Database, between the years of 2005 to 2009, Kentucky was number one in the United States for cancer-related deaths. In 2012, there was a 25 percent decrease in the cancer death rate. The center has a multidisciplinary clinic with a laboratory for the translational scientist. There is a multidisciplinary team approach to specific tumor types. Clinical trials are used whenever possible. Support is provided to the entire family through the entire course of the disease. The University of Louisville has had a lot of success in developing new cancer drugs. The center is part of a Kentucky Datascan initiative to help high school students in participating counties to research and find drugs to cure cancer. There is a satellite cancer center located in Owensboro. The oral HPV vaccine can change cervical cancer nationwide. Future cancer treatments will be directed by genome analysis, personalized and much less toxic. Cancer will be diagnosed much earlier so that advanced disease will be less common; therefore, cancer incidence will continue to decline. Multidisciplinary care will become normal. The ultimate benefit is better health for Kentuckians. The center is aware of the urgency for a cure for all types of cancer.

In response to a question by Representative Westrom, Dr. Miller

stated that the center supports smoke-free Kentucky legislation.

In response to a comment by Senator Clark, Dr. Miller stated that the center will take answers for a cure for cancers wherever they can be found. Looking at the cannabis plant is a potential way to find new compounds to treat cancer.

In response to a question by Representative Burch, Dr. Miller stated that getting the HPV vaccine does not change the sexual behavior in teenagers. Boys need to get the vaccine as well as girls. The vaccine is 100 percent effective and affordable.

Dr. Craig Blakely, Dean of the University of Louisville School of Public Health and Information Sciences, stated that he encouraged looking at the entire spectrum of opportunities of diet and exercise strategies.

Minutes

A motion to approve the minutes of the October 16, 2013 meeting was made by Representative Owens, seconded by Representative Burch, and approved by voice vote.

Expansion of Behavioral Health Medicaid Providers

Audrey Haynes, Secretary, Cabinet for Health and Family Services, Mary Begley, R.N., Commissioner, Department for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services, and Allen Brenzel, M.D., MBA, Medical Director, Deputy Commissioner, Department for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services, stated that Medicaid has expanded the behavioral health services and providers. Substance abuse treatment has been added as a Medicaid benefit. Medicaid is providing increased flexibility in the provision of behavioral health services, with the goal of creating a continuum of care in behavioral health, including substance abuse, to include a wider array of interventions between outpatient and inpatient services. An open network is a continuum of care that ranges from consumer choice to open by service category, and/or the use of clearinghouse entities. Kentucky is one of only two states with a closed network. There are immediate providers with a Medicaid number in 35 counties, and Kentucky has the potential to create immediate capacity in most regions. The Deloitte Workforce study determined there is a significant shortage of behavioral health providers today. With the Medicaid expansion and fewer uninsured, more individuals will have behavioral health services as a covered benefit. The Mental Health and Substance Abuse Parity Act and final rule release will increase demand for behavioral health services in the commercial insurance market. Commercial insurers will be required to provide services. The addition of a substance abuse benefit increases demand substantially. The cabinet will submit a state plan amendment to describe new provider eligibility. It will take four to five months for providers to become eligible, credentialed, receive Medicaid provider status, and contract with a Managed Care Organization (MCO). Historically

Kentucky has relied too much on high cost hospital and residential services and has limited lower intensity outpatient services such as crisis intervention and intensive outpatient programs. The goal is to add less costly, community-based services, and introduce flexibility to a wider array of providers to implement evidence-based practices.

In response to questions by Representative Burch, Secretary Haynes and Dr. Brenzel stated that she would supply the number of recipients who are currently being treated for behavioral health services, but Medicaid has a high behavioral health utilization rate. Approximately 20 to 25 percent of newly eligible Medicaid recipients will need behavioral health services. The 14 Community Mental Health Centers (CMHCs) receive \$78 million in state general funds to serve 184,000 individuals. Currently, ten percent of the 750,000 MCO members seek behavioral health services each month. The MCOs served 60,000 individuals with behavioral health disorders at a cost of \$220 million. Seventeen percent of emergency room visits paid by Medicaid were because of behavioral health disorders. About 80 percent of the emergency room superutilizers have both substance abuse and behavior health disorders. The Affordable Care Act will allow 308,000 of the 640,000 uninsured Kentuckians to receive Medicaid and 332,000 will be able to get private insurance coverage. Now private insurance coverage inside and outside of the exchange will provide a substance abuse benefit. Suboxone is the pharmaceutical treatment for substance abuse, but was not intended to be a long-term treatment.

In response to a question by Senator Clark, Secretary Haynes stated that a smoking cessation program is part of the current MCO contract. Individuals in MCOs that have been referred to smoking cessation programs have increased over the past year.

In response to a request from Representative Adams, Secretary Haynes stated that she would provide staff with a copy of the Deloitte Workforce study. Briefings on a companion facility study will be in early December. The study will look at acute care beds, critical care access hospitals, psychiatric beds in hospitals, and occupational and physical therapy at home health facilities and show where Kentucky is today, the utilization trends, and recommendations about what should be looked at in the future. There is a need to allow more established facilities to provide services. The CMHCs are meeting with the Department for Behavioral Health, Developmental and Intellectual Disabilities. The CMHCs contracts are good through June 30, 2014.

In response to questions by Representative Marzian, Secretary Haynes stated that the 14 Community Mental Health Centers (CMHCs) receive \$78 million in state general funds to serve 184,000 individuals. The claims data submitted by providers from MCOs showed \$220 million was billed for behavioral health services for 60,000 individuals. Currently, the MCOs are only

allowed to contract with the CMHCs.

In response to a question by Representative Wuchner, Dr. Brenzel stated that medication assisted treatment is an important part of opioid treatment for opioid addiction and is a MCO covered benefit. MCOs have the choice of what agents are on the formulary and can require preauthorization and certain requirements for who receives medications. An individual has to be in treatment to get suboxone, but only a few can afford the treatment. The majority of individuals should be able to be successfully tapered off medications with the right services, especially adolescents. Eighty percent of adolescents have other behavior health diagnosis besides substance abuse. Family engagement is very important.

In response to a question by Representative Westrom, Dr. Brenzel and Secretary Haynes stated that there are 35 to 38 children in state custody in out-of-state facilities instead of in the hundreds, and the cabinet is making significant progress with the provider community to bring them home.

In response to questions by Senator Denton, Secretary Haynes and Dr. Brenzel stated that intensive case-specific review of children and the development of a comprehensive and intensive care coordination function would be needed in order for children to return to Kentucky. The intensive care coordination should be accountable and look at outcomes that can help develop a comprehensive, individualized, and customized community support plan. Some of the most challenging out-of-state children are the ones transitioning to adulthood. A barrier for out-of-state kids to come back to Kentucky is the availability of provider services that are funded throughout an individual's lifespan. There will always be residential facilities. It is so much easier for a provider to get one bundled rate and give children lifetime services than to have to deal with managed care to pay for the child to stay at the facility. Children and adolescents need to be treated as individuals. Once a provider becomes engaged with managed care, the reporting requirements increase. The department is working on some quality indicators and outcomes for all providers that will be treated equally, but the CMHCs who receive general and federal funds will continue to have strengthened reporting requirements for those funds. Other providers will not have access to the same funds unless the CMHCs do not want to provide a program. State and federal block grant funds are offered first to CMHCs and will have additional reporting requirements separate from managed care. CMHCs already receive basically the Medicare rate which is the highest payment limit allowed by the federal government. CMHCs can use some providers and clinicians that are not fully independently licensed. The cabinet has been directing providers to contact the MCOs for informational packets to become Medicaid providers. IMPACT Plus providers will be eligible to enroll as direct Medicaid providers and will need to obtain Medicaid provider status in order to provide Medicaid services. The

cabinet has used the MCO and Medicaid credentialing for IMPACT Plus providers. The Centers for Medicare and Medicaid Services (CMS) is very stringent with the MCOs and the cabinet that providers have to be credentialed and obtain Medicaid provider status to provide Medicaid services. IMPACT Plus providers will have until July 1, 2014 to get Medicaid credentialed. The federal government has heralded Kentucky as having the best credentialing process.

Update on Kentucky's Health Benefit Exchange (kynect)

Carrie Banahan, Executive Director, Office of the Health Benefit Exchange, Cabinet for Health and Family Services, stated that an exchange is an organized marketplace for individuals and employees of small businesses to shop for health insurance offered by insurers and compare those plans based on price and quality. Individuals may also apply for Medicaid or the Kentucky Children's Health Insurance Program (KCHIP) coverage through the exchange. The Affordable Care Act (ACA) requires states to create its own exchange or default to a federal exchange. Kentucky opted to create its own.

Individual plans are offered through kynect by Anthem, Kentucky Health Cooperative, and Humana. Small group plans are offered by Bluegrass Family Health, Kentucky Health Cooperative, Anthem, and United HealthCare through kynect. Small Business Health Option (SHOP) Program is available to employers with 50 or fewer employees who pay at least 50 percent of the employee premium, meet the 75 percent participation requirement, and have a choice of plans. The MCOs that participate in kynect are Passport, Humana, WellCare, Coventry, and Anthem. Individuals may qualify for premium assistance if a household income for the taxable year is between 138 percent and up to 400 percent of the federal poverty level (FPL). A small business may qualify for a tax credit if it pays at least 50 percent of the premium for each of its employees, has fewer than 25 full-time equivalent employees for the taxable year, and the average annual wage of the group is less than \$50,000. Each plan has to provide ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance use disorder services including behavioral health treatment, prescription drugs, rehabilitative and habilitative services and devices, laboratory services, preventive and wellness services and chronic disease management, and pediatric services including oral and vision care. Health benefit plans include catastrophic, bronze, gold, platinum, and silver. To date, Jefferson and Fayette Counties have the highest enrollment.

Insurance agents, kynectors, customer service representatives at the kynect call center can help an individual apply for insurance through the exchange. Beginning December 16, 2013 an individual can apply at the local DCBS office. The call center became operational on August 15, 2013. Open enrollment began October 1, 2013 and will end March 31, 2014 with coverage beginning as soon

as January 1, 2014 depending on when an individual was approved for coverage. By visiting the kynect.ky.gov web site, an individual can find out who qualifies for Medicaid, KCHIP, or payment assistance through the exchange. After submitting an application, kynect will check an individual's eligibility for programs that can help pay for health insurance.

In response to questions by Representative Benvenuti, Carrie Banahan and Secretary Haynes stated that individuals can check options on kynect if coverage was lost when the private insurance policies were cancelled because they did not include the essential benefits. The Department of Insurance (DOI) is meeting with the private insurance market to see what options are available. Kentucky ACCESS plans will sunset December 31, 2013. Approximately 10,000 individuals eligible for subsidies are waiting to the last minute to sign up for coverage because they will have to pay January's premium. Of the 380,000 individuals who conducted preliminary screenings to determine eligibility, approximately 48,000 have enrolled in a health benefit plan. Approximately 39,000 were enrolled in the Medicaid expansion, including a lot of young people who were not eligible for coverage before the Affordable Care Act (ACA). When a person files an application on the kynect web site and are found eligible, the information is matched with federal databases for verification. If an individual's information cannot be verified, the individual will have to supply additional information, often in person, to the local DCBS office. The ACA requires a bronze coverage to have an actuarial value of 60 percent, 70 percent for silver, 80 percent for gold, and 90 percent for platinum. The Department for Medicaid Services (DMS) has information on the annual cost per Medicaid recipient. It is up to the MCOs, not the cabinet, whether or not to have a co-pay collected by the provider from a Medicaid recipient. Co-pays can be applied for everything but preventive services. The cabinet has submitted a State Plan Amendment (SPA) to CMS with a list of co-pays for approval. The DOI provided approval of insurance plans. The goal is to insure as many of the 640,000 uninsured individuals as possible.

In response to questions by Senator Stine, Ms. Banahan stated that there is 20- to 24-hour training curriculum for the kynectors and insurance agents. As policy change, continuing education will be required. Criminal background checks are conducted for anyone applying to be a kynector. Approximately \$80 million of the \$253 million received from the federal government for the exchange has been spent with \$60 million being spent on the development of the system.

In response to questions by Senator Givens, Secretary Haynes and Ms. Banahan stated that as of November 19, 2013, approximately 52,769 people have been determined eligible for coverage, including Medicaid and private insurance. The cabinet did not have a projected enrollment figure. The cabinet tested the system and all the vendors have gone through a special test to see how far the system can be stretched. The system

can handle 2,000 to 3,000 enrollment applications per hour. Under the Motor Voter Law of 1993, state agencies that provide Medicaid coverage, TANF, SNAP, and WIC are required to provide a voter registration to applicants who fill out the application and send it to the county clerk's office.

In response to questions by Senator Higdon, Secretary Haynes and Ms. Banahan stated that the old Medicaid match is 70 percent federal funds and 30 percent state funds. The cabinet would like to wait until mid-January to compare the normal sign-up trend to the woodwork effect of approximately 44,000 people who qualified for Medicaid but had not signed up before the expansion.

In response to questions by Representative Jenkins, Secretary Haynes and Ms. Banahan stated that if someone loses coverage under the new insurance plans, an insurer has to notify an individual of available options. Some old plans did not meet the ten essential health benefits and/or do not have an actuarial value of 60 percent and had to be discontinued. Of the 640,000 uninsured individuals, all but 50,000 would qualify for a Medicaid or premium subsidy.

In response by a question by Representative Webber, enrollment is for individuals not households. A breakdown by county will be available January 15, 2014 to February 1, 2014.

Representative Burch stated that Kentucky is way ahead in implementation of the exchange. Some people's costs will be lower through the exchange. Everyone should have access to affordable health care.

In response to a question by Representative DeWeese, Ms. Banahan stated that Kentucky has received approximately \$254 million through five grants from the federal government: \$1 million for planning, \$7.6 million to draft the Request for Proposals (RFPs) to obtain the system, \$57 million for the system, and \$182 million for the system and one year of operation. To date, only \$80 million has been spent.

In response to questions by Senator Denton, Secretary Haynes and Ms. Banahan stated that as of December 2014, the state will no longer be able to draw down funds from the \$254 million grants. Forty-one percent of the total enrollees are under the age of 35 and 32 percent are between the age of 18 and 35. Information would be provided to members on how many of this total would be eligible for Medicaid. No co-pays are allowed for children and pregnant women. Information would be provided on the new rate for co-pays. Each MCO determines how to handle the reimbursement of co-pays from Medicaid recipients. There are appointment waiting time standards listed in the MCO contract about the length of time a Medicaid recipient has to wait for an appointment, but the cabinet is not aware of Medicaid patients receiving preferential treatment over non-Medicaid patients. The Kentucky Health Cooperative received a \$57 million loan under the ACA to offer products in the individual and small group markets in every county in Kentucky that has to be repaid to the federal government.

The Kentucky Health Cooperative is required to be a non-profit organization and be licensed as an HMO with the DOI. Aetna only offers coverage in the large market. Full-time employees do not count in the 75 percent participation rate in the Small Health Option Program (SHOP) if they have coverage under another insurance plan. A birth or adoption is a qualifying event for the child not the family. Approximately 10,011 individuals of the 20,506 who qualify for a health insurance plan are enrolled or eligible to enroll. Of the 640,000 uninsured individuals, 332,000 are not eligible for Medicaid. The 320,000 are eligible in the individual market inside and outside of the exchange. One percent surcharge on premiums is a broad-based assessment on health insurance plans offered in the market just like the Kentucky Access Program is currently assessed. A final decision has not been made about the one percent surcharge. The cabinet has been through extensive reviews by the federal government and is confident that people's personal information in kynect is secure.

In response to a question by Representative Adams, Secretary Haynes and Ms. Banahan stated that the annual operating cost of the Kentucky Health Benefit Exchange Office will be \$40 million a year after federal funds are no longer available. Due to the one percent assessment, the exchange will not use state general funds.

In response to questions by Representative Benvenuti, Secretary Haynes and Ms. Banahan stated that the \$40 million to operate the exchange would come from the one percent rate filing and premium amount funds currently used for the Kentucky Access Program. Some insurance plans did not meet the new minimum requirements of the ACA established for all insurance plans and caused people to lose coverage. Individuals were then required to find a plan that had the ten essential benefits required in the ACA. Senator Denton stated that Kentucky does not have a choice but to implement the requirements of the ACA.

Consideration of Referred Administrative Regulations

The following administrative regulations were referred for consideration: 201 KAR 6:020 – establishes requirements for licensure by the Kentucky Board of Licensure for Long-Term Care Administrators and sets limits on the taking of the examination; 201 KAR 6:030 – establishes the requirements for issuance of a temporary permit for an individual to practice the art of long-term care administration; 201 KAR 6:040 – establishes the requirements for renewal, late renewal, inactive licensure, and reinstatement of a license by the Kentucky Board of Licensure for Long-Term Care Administrators; 201 KAR 6:050 – establishes the requirements for issuance of a license by endorsement by the Kentucky Board of Licensure for Long-Term Care Administrators; 201 KAR 6:060 – establishes fees and charges for processing application, examination, and issuance of licenses, including renewals by the Kentucky Board of Licensure for

Long-Term Care Administrators; 201 KAR 6:070 – delineates the requirements for continuing education by the Kentucky Board of Licensure for Long-Term Care Administrators and prescribes methods and standards for the accreditation of continuing education courses; 201 KAR 6:080 – establishes a code of ethics by the Kentucky Board of Licensure for Long-Term Care Administrators as a portion of the standards which shall be met in compliance with KRS 216A.070(1)(a), (c), and (d); 201 KAR 6:090 – establishes procedures for the investigation of a complaint received by the Kentucky Board of Licensure for Long-Term Care Administrators; 900 KAR 10:010 & E – establishes the policies and procedures relating to the certification of a qualified health plan to be offered on the Kentucky Health Benefit Exchange, pursuant to and in accordance with 42 U.S.C. 18031 and 45 C.F.R. Parts 155 and 156; 900 KAR 10:020 – establishes the policies and procedures relating to the operation of a Small Business Health Options Program in accordance with 42 U.S.C. 18031 and 45 C.F.R. Parts 155 and 156; 900 KAR 10:050 & E – establishes the policies and procedures relating to the registration of a business entity or individual agent in accordance with 42 U.S.C. 18031 and 45 C.F.R. Part 155; and 906 KAR 1:190 – sets forth conditions for voluntary Kentucky Applicant Registry and Employment Screening (KARES) program participants in addition to the name-based, state only background check requirements in KRS 216.533, 216.712(2), 216.787, and 216.789.

After Senator Denton asked for a motion to approve 201 KAR 6:020, 201 KAR 6:030, 201 KAR 6:040, 201 KAR 6:050, 201 KAR 6:060, 201 KAR 6:070, 201 KAR 6:080 and 201 KAR 6:090, Representative Burch asked to be recognized to question the quorum. Senator Denton stated that he would not be recognized for the comment. Representative Burch stated that he still questioned the quorum. A motion to approve 201 KAR 6:020, 201 KAR 6:030, 201 KAR 6:040, 201 KAR 6:050, 201 KAR 6:060, 201 KAR 6:070, 201 KAR 6:080 and 201 KAR 6:090 was made by Representative Webber, seconded by Representative Benvenuti, and approved by voice vote. A motion to find 900 KAR 10:010 & E deficient was made by Senator Stine, seconded by Representative Webber, and approved by voice vote. A motion to find 900 KAR 10:020 deficient was made by Senator Stine, seconded by Representative Webber, and approved by voice vote. A motion to find 900 KAR 10:050 & E deficient was made by Senator Stine, seconded by Representative Webber, and approved by voice vote. A motion to find 906 KAR 1:190 deficient was made by Representative Wuchner, seconded by Representative Benvenuti, and approved by voice vote. After representatives from the Cabinet for Health and Family Services finished the update on the health benefit exchange, Representative Burch stated that the affirmative vote that found the regulations deficient was a vote in futility, and the regulations would still become effective. Senator Denton stated

that legislators were used to having lots of things done in futility in Frankfort.

Update on Kentucky's Health Benefit Exchange (kynect) continued

In response to questions by Senator Denton, Secretary Haynes stated that on November 15, 2013, the Finance and Administration Cabinet pulled the MMIS RFP contract for Medicaid. The RFP called for the top three scoring companies to be asked to orals. CMS said that the cabinet had an excellent RFP and process. The cabinet contacted CMS that the RFP had been pulled and would contact them to let them know when the cabinet would reissue the RFP.

Ophthalmology CON Exemption

Barbara Bowers, Ophthalmologist from Paducah, stated that the purpose of the proposed ophthalmology Certificate of Need (CON) legislation is to provide quality, affordable eye surgery to the citizens of Kentucky. The legislation will decrease the costs of eye surgery to both the state and its citizens, increase access to eye surgery in rural areas as well as larger cities in Kentucky, increase the quality of eye surgery, and keep Kentucky surgeons and their patients in Kentucky. Ophthalmologists want to provide the standard of care that higher technology can provide, but are unable to presently because the facilities where the operation is performed does not have up-to-date technology.

Mark Prussian, board-certified healthcare administrator for the Eye Care Institute in Louisville, stated that cataract surgery is one of the most commonly performed surgeries in the United States. Current CON law in Kentucky is an almost absolute barrier to entry except for those already grandfathered into operating room ownership. Kentucky's CON laws are arbitrary, antiquated, and highly political and not in the best interest of Kentuckians. Many Louisville hospitals do not encourage cataract surgeries which is an outpatient procedure. Medicare reimburses free standing surgery centers \$900 for cataract surgery and hospitals \$1,600. The same cataract surgery can be performed cheaper ambulatory surgery centers in bordering states. Kentucky loses millions of dollars from surgeries because of current CON laws.

Brennan Greene, Ophthalmologist in Louisville, stated that he has performed cataract surgery in hospitals the past 18 years. One hospital opted not to perform cataract surgery anymore, and another one quit training staff in cataract surgery. Now it is cheaper to take patients to Indiana for the same surgery.

In response to questions by Representative Westrom, Dr. Bowers stated that the CON law could be written so that optometrists would not be allowed to perform laser surgeries. Currently, 80 percent of cataract surgeries nationwide are performed in ambulatory surgical centers. There are no ambulatory surgical centers in Bowling Green.

In response to questions by Representative Benvenuti, Dr. Bowers stated that there is an exemption for ASCs who provide a service or procedure not provided anywhere else in the state and does not apply to ophthalmologists. She

would check to see if the legislature closed the loophole for the exception that allows a single specialty ASC.

In response to a question by Representative Burch, Dr. Bowers stated that a Letter of Intent had been filed for a CON with the cabinet, but the company had been told it would not be given a CON. Dr. John Meyer, Ophthalmologist, stated that ophthalmologists are interested in easing the CON process not necessarily exempting ophthalmologists but making it easier to get a CON to perform ophthalmology procedures in an operating room associated with their practices. Dr. Greene stated that doctors have no way of raising the cost of a procedure. The patient pays more to have the procedure done in a hospital than an ASC, because the cost for providing care at an ASC is significantly less.

In response to questions by Representative Wuchner, Dr. Prussian stated that he had requested in writing an opinion from the CON office and received a letter that stated the application had been denied because there are no openings for ASCs. Dr. Greene stated that cataract surgery is primarily a Medicare payor mix.

In response to a question by Senator Denton, Dr. Meyer stated that ophthalmologists want the option to perform procedures somewhere other than the hospital. Cataract surgery performed in a doctor's office is not reimbursed.

Kip McNally, Attorney and licensed CPA, stated that the primary concern is patient safety. There is an extensive regulatory process. Senate Bill 143 from the 2013 Regular Session did not provide any supervision from the Office of Inspector General, Division of Licensure, or provide annual surveys. There is not a problem with access to care. Leave the process in place. A person should demonstrate there is a utilization need based on the current State Health Plan criteria. Proliferation of surgical facilities is not in the best interest of the state.

Senator Givens stated that someone from the CON office at the cabinet should come to testify on the process during the session.

Sarah Nicholson stated that the Kentucky Hospital Association opposes a special exemption in the CON process. The State Health Plan states that someone can apply for a special CON if it is a single service. Ophthalmologists can get paid now for services, but not a facility fee.

Adjournment

There being no further business, the meeting was adjourned at 5:10 p.m.

Interim Joint Committee on Labor and Industry

Minutes of the 5th Meeting of the 2013 Interim

November 21, 2013

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Labor and Industry was held on Thursday, November 21, 2013, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Rick G. Nelson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Rick G. Nelson, Co-Chair; Senators Julian M. Carroll, Perry B. Clark, Carroll Gibson, Denise Harper Angel, Ernie Harris, Jimmy Higdon, Dennis Parrett, and Mike Wilson; Representatives Lynn Bechler, Regina Bunch, Denver Butler, Will Coursey, Jeffery Donohue, C.B. Embry Jr., Richard Henderson, Toby Herald, Dennis Horlander, Joni L. Jenkins, Thomas Kerr, Adam Koenig, Mary Lou Marzian, Charles Miller, Terry Mills, Tanya Pullin, Tom Riner, Jim Stewart III, and Brent Yonts.

Guests: Chris Bartley, Captain, Lexington Fire Department, Legislative Agent, Kentucky Professional Firefighters Association; Joe Baer, President, Kentucky Professional Firefighters Association; Dr. Virginia Weaver, Physician, Associate Professor of Occupational Medicine, Johns Hopkins University Bloomberg School of Public Health; Dwight Lovan, Commissioner, Department of Workers' Claims; Lucretia Johnson, Director, Department of Workers' Claims; Pam Knight, Supervisor, Department of Workers' Claims; Larry Roberts, Secretary, Kentucky Labor Cabinet; Thomas Zawacki, Secretary, Education and Workforce Development Cabinet; Charles McGrew, PhD., Executive Director, Kentucky Center for Education and Workforce Statistics; J.D. Chaney, General Counsel, Kentucky League of Cities.

LRC Staff: Carla Montgomery, Matt Ross, Adanna Hydes, and Betsy Nickens.

The minutes of the Interim Joint Committee on Labor and Industry for October were approved by voice vote.

BR 140 - AN ACT relating to Firefighters.

Mr. Chris Bartley, Dr. Virginia Weaver, and Mr. Joe Baer spoke in favor of BR 140, AN ACT relating to firefighters. Mr. Baer reminded the committee of previous legislation in 2012 regarding the presumption of cancer in firefighters. Evidence has shown that certain cancers are more prevalent in firefighters due to the hazards of the occupation. Dr. Virginia Weaver spoke on behalf of the International Association of Firefighters and the Kentucky Professional Firefighters Association. Dr. Weaver stated her testimony was her own and did not necessarily reflect the views of Johns Hopkins University. Firefighters, in their occupation, are exposed to dangerous chemicals despite efforts over the past two decades to dramatically decrease hazardous occupational exposure in the U.S. workforce. Numerous studies have documented cancer causing chemicals within the smoke that firefighters are exposed to. For example, there are highly probable carcinogens in wood, coal, and diesel fuel smoke. The International Agency for Research on Cancer (IARC), categorizes chemicals according to the potential for causing cancer in humans. Among those categorized by IARC as known carcinogens, firefighters are exposed to asbestos, benzene, formaldehyde, soot, and diesel exhaust. Dr. Weaver stated that a Harvard study of 200 structural fires and resulting air contaminants showed the cancer-causing

chemical benzene was detected in 92 percent of the fires. Further adding to the risk of exposure, firefighters are equipped with protective equipment which does not completely block carcinogens. Advancements in occupational safety have greatly decreased exposure risk in other occupations; however, it is nearly impossible to protect firefighters in the highly uncontrolled situations their occupation puts them in.

Dr. Weaver explained that 32 separate studies of 20 different cancers were summarized in a single meta-analysis, compiling the significance of the risk for firefighters. A significant increased risk was determined for 10 types of cancer and a smaller increase for the other 10 types. The National Institute for Occupational Safety and Health conducted a study of firefighters from three major U.S. cities in comparison with the general U.S. population and found an increased overall risk for all types of cancer and increased individual risk in cancers of the digestive and respiratory tracts for firefighters.

Dr. Weaver explained the challenges posed in assessing the significance of risk. First, misclassification can occur. When death certificates are used to classify the occupation of the deceased, a firefighter may be misclassified if he/she was employed in another occupation at time of death. Second, the strength and overall health of a firefighter may pose what is called the "healthy worker effect," firefighters may not appear to be at high risk for developing cancer. Third, firefighters make up a very small occupational group for studies. In conclusion to her testimony, Dr. Weaver said that 36 states have enacted legislation regarding presumption of cancer in firefighters.

Mr. Bartley explained BR 140. The types of cancer covered in BR 140 are brain, bladder, colon, prostate, kidney, liver, testicular, non-Hodgkin's, and lymphatic or hematopoietic system. Coverage would include career firefighters who have been working for five years or more and would only remain eligible five years after leaving their career. The use of tobacco products during a five year period after diagnosis would negate coverage. In terms of cost analysis, there are approximately 3,500 career firefighters in Kentucky. According to analysis completed in 2012, costs would be negligible since the premium paid for firefighters is .3 percent of the total premium paid for the state. Mr. Bartley presented statistics from several states that have enacted legislation, noting that the small workforce has meant a very small number of claims and very low costs.

In response to questions from Representative Henderson, Mr. Bartley stated there are 17,000 volunteer firefighters in Kentucky. BR 140 would not provide coverage to them due to costs, but it would provide coverage to 3,500 paid career firefighters.

Dr. Weaver responded to a question from Representative Belcher regarding the stipulation of five year periods in the bill. Dr. Weaver said that five years is the traditional policy for research studies and provides for a latency period for most cancers. Representative Yonts

said that if a firefighter leaves work for a short period of time for military duty and returned to work there, the bill provides no provisions. Mr. Bartley will look into state comparisons.

J.D. Chaney explained how the Kentucky League of Cities (KLC) would participate in refiguring BR 140. KLC will conduct an independent actuarial evaluation of the cost of the legislation and what impact it could have on workers' compensation premiums. The results will be presented to the board of directors to consider the effects of the bill.

Medical Fee Schedule

Commissioner Lovan discussed KRS 342.035(1), which requires the Department of Workers' Claims to periodically assess the physicians' medical fee schedule by July 1 occurring every two years beginning in 1994. Three fee schedules are in operation, the physicians' fee schedule, hospital fee schedule, and pharmacy fee schedule. Commissioner Lovan stated that in the 2012 service year, 63 percent of every dollar in workers' compensation was attributed to medical costs, which are distributed among the categories of physicians, hospital outpatient, hospital inpatient, ambulatory surgical centers, drugs, durable medical equipment, supplies, implants, and other. Further, the category of physicians is broken down to include several separate categories. In Commissioner Lovan's presentation, the data for Kentucky was compared to the region and countrywide.

The physician fee schedule must go through an extensive process for evaluation, including a stakeholder's meeting and a public hearing, and many revisions. In 2013, the objective revisions to the physicians' fee schedule include adding dental services, expanding durable medical equipment codes as well as vision and hearing codes, and enhancing ambulance fee access. Commissioner Lovan's presentation included a spreadsheet examining the changes in the fee schedule comparing 2010 to 2013. A list of the top 100 CPT codes from the National Council on Compensation Insurance is available to committee members. Commissioner Lovan anticipates amendments to the administrative regulation to be filed in early 2014.

Apprenticeship Programs

Secretary Roberts spoke about changes to be made to KRS 343.010 on apprenticeship and training during the 2014 General Assembly. During the 2013 Regular Session, HB 152 was proposed to address changes to conform to federal regulations, but was not enacted. Secretary Roberts also addressed the committee on the progress of the TRACK program, a partnership between the Labor Cabinet and Office of Career and Technical Education. Seven technology centers in the state have partnered with industry and business to produce eleven apprenticeship programs, which identify qualifying high school students for co-op opportunities, leading to education credit, and ultimately to certified skilled positions within the workforce. Twelve students were participating at the time

of the meeting, the program expects to double in the spring of 2014, and possibly reach 20 areas statewide in the fall of 2014, reaching some 250 students in 25-30 apprenticeship programs.

In response to Senator Wilson, Secretary Roberts said a listing of the seven participating technology centers and the counties included in the expansion efforts would be made available to the committee. Senator Higdon expressed concern for some negative industry response regarding allowing workers under the age of 18 onto the worksite. Secretary Roberts said that it is permissible and efforts are being made to inform partners of the regulations and rules regarding underage workers in the workplace.

In response to Representative Yonts and Senator Carroll, Secretary Roberts agreed that outreach to students in high school is key to directing employable people into skill-based programs, which would lead to filling open jobs within the technical and skill-based workforce.

Kentucky Center for Education and Workforce Statistics

Secretary Zawacki explained that the Kentucky Center for Education and Workforce Statistics (KCEWS) was created by Executive Order in 2012 and enacted in 2013 in order to determine if the initiatives put forth by the Education and Workforce Development Cabinet are effective and what impact it has on the commonwealth. Dr. McGrew said in the past year, the center has expanded upon kindergarten through twelfth grade statistical data to include data regarding Kentucky's workforce at large. Information is linked together in a confidential program called the Kentucky Longitudinal Data System. KCEWS is charged with evaluating education and workforce programs statewide, developing state level metrics, and monitoring privacy, confidentiality, and data quality. Dr. McGrew emphasized the importance of providing information to policy makers, the legislature.

KCEWS provided members with area-specific data, highlighting high school graduates who continued to college. Rather than reports of simple high school ACT scores, the center produces data that reflects the percentage of high school students that actually go to college and whether they succeed there. In the near future, data will expand to cover areas such as Head Start, unemployment claims, proprietary colleges, children and family services, apprenticeships, out-of-state military employment, and career and technical education. KCEWS is funded in the state budget and by a federal grant.

Dr. McGrew presented a series of examples in his presentation of statistical reports made available by the center including the percentage of public high school graduates ready for college level English, math, and reading broken down by county, as well as a detailed high school feedback report for each district examining college going and college success. Detailed informational reports regarding employment, education, and earnings are available. Dr. McGrew stated that nearly 90 percent of Kentucky's employed population is included in the

KCEWS data system.

In response to Representative Horlander, Dr. McGrew said an update to information provided in the committee members' folders would be provided in January as new information is linked to previous graduation years.

Representative Yonts asked how information from KCEWS is being shared with schools statewide. Dr. McGrew said that press coverage as well as connections with school board associations, superintendents associations, the Kentucky Department of Education has helped to get the word out. He emphasized training and understanding how to use the information will be important to making the reports useful to the public. Secretary Zawacki referred to a comment made by Representative Yonts earlier in the meeting, stating how important the statistical information may be to parents and teachers who will be guiding students into the workforce. Representative Yonts asked if Kentucky's wages are lower than other states. Dr. McGrew replied that according to census data and labor statistics that Kentucky wages are lower across the board.

Dr. McGrew said that all public reports are available at www.kcews.ky.gov.

There being no further business the meeting adjourned.

Interim Joint Committee on Local Government

Minutes of the 4th Meeting of the 2013 Interim

November 20, 2013

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Local Government was held on Wednesday, November 20, 2013, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Steve Riggs, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Steve Riggs, Co-Chair; Senators Ernie Harris, Christian McDaniel, Morgan McGarvey, R.J. Palmer II, Albert Robinson, Dan "Malano" Seum, and Damon Thayer; Representatives Ron Crimm, Mike Denham, Richard Henderson, Toby Herald, Adam Koenig, Stan Lee, Brian Linder, Tom McKee, Michael Meredith, Jody Richards, Jonathan Shell, Arnold Simpson, Kevin Sinnette, and Rita Smart.

Guests: LaRue County Judge/Executive Tommy Turner; Warren County Sheriff Jerry Gaines; Denny Nunnolley, and Shellie Hampton, Kentucky Association of Counties; Jonathan Steiner, J.D. Chaney, Tyler Campbell, and Bryanna Carroll, Kentucky League of Cities; City of Midway Mayor Tom Bozarth; Tom Bennett, Auditor of Public Accounts Office; Ron Wolf, Associated General Contractors of Kentucky; and Sara McGown, Louisville Metro Government.

LRC Staff: Joe Pinczewski-Lee, John Ryan, Jessica Causey, and Cheryl Walters.

Approval of Minutes

Upon the motion of Crimm, seconded by Representative Henderson, the minutes

of the October 23, 2013 meeting were approved.

Kentucky Association of Counties' Legislative Platform for 2014 Session of the General Assembly

LaRue County Judge/Executive and President of the Kentucky Association of Counties (KACo) Tommy Turner discussed KACo's 2014 legislative agenda:

(1) Emergency 911 funding.

Emergency 911 funding is the top priority. There is no line item for 911 funding. Revenue comes from local governments' monthly wireline surcharge called a "landline fee" to help cover the costs of emergency 911 in their community. These range from 50 cents to \$4.30. As more Kentuckians abandon land-based phones in favor of cell phones, this revenue is decreasing. Landline fees account for approximately 32 percent of total 911 revenues, or about \$31 million to \$35 million dollars in FY 2012.

Another source of revenue is the wireless surcharge. The General Assembly established the monthly surcharge for wireless phones at 70 cents in 1998, and it remains at that amount today. Statewide, wireless calls outnumber landline-based 911 calls received at dispatch centers, known as Public Safety Answering Points (PSAPs). The funds are distributed to the PSAPs through the Commercial Mobile Radio Services (CMRS) Board. This accounted for approximately \$24 million in revenues, or about 20 percent of the total.

Neither of these sources is sufficient in their current form to cover the total cost of service. Local government general fund dollars are left to pay for the balance of funds needed, or about \$42 million in FY 2012. This subsidy accounts for almost half of the revenues needed, but it is an unsustainable amount, given the limits of local governments to raise revenues and increasing demands faced by fiscal courts. While the number of wireless calls received outnumbers the landline calls 2-to-1, the revenues received from wireless phones is small compared to landline fees and local general fund dollars. This imbalance must be corrected.

KACo has been working with the Kentucky League of Cities (KLC) on a proposal to improve emergency 911 funding. With current revenues lagging and the eventual roll-out and costs that will be associated with implementation of Next Generation 911, funding needs will continue to rise. KACo's proposal will ask for an increase in the 70 cent monthly wireless surcharge. This is a fair request given that the majority of incoming emergency calls are generated by wireless devices, the fee has not been increased since its inception, and landline revenues continue to decline. The proposal will also advocate for parity for all carriers to pay the same wireless surcharge amount per subscriber, whether pre-paid or post-paid.

The draft will repeal the cost recovery funding for carriers, as most surrounding states have already done. This would mean another \$4 million annually to the CMRS fund.

(2) Biennial budget priorities.

Catastrophic medical coverage is needed for inmates housed in county jails. This coverage helps counties with significant inmate medical costs and is part of the compromise reached with House Bill 463 in 2011. This was not fully funded in the last biennial budget. The compromise reached between the state and counties required counties to accept the loss of hundreds of state inmates to early release provisions from House Bill 463. The amount pledged for the Catastrophic Medical Fund was \$960,000 per year, but the fund actually only received \$80,800, equating to only one month of inmate medical needs. The expansion of Medicaid to cover inmates will only cover a hospitalization of 24 hours or more. The first 23 hours and 59 minutes are not reimbursable by Medicaid unless the "more than 24 hour" threshold is met. KACo is asking that the agreement between the state and counties be met.

There is much discussion on what the next step should be for those counties that receive and are heavily dependent on coal severance tax dollars. KACo looks forward to the discussion on what would be most beneficial for the communities in Eastern Kentucky, and applauds the efforts of Representatives Leslie Combs and Fitz Steel for their prefiled bill to change the severance distribution formula.

Another area of the budget is restoration of funding for prosecutors and PVA offices. Like most areas of the state, prosecutors' offices have had to absorb multiple budget reductions. PVAs spend about 80 percent of their operating funds to supplement the PVA deputy budget allocation. The only alternative is employee layoffs, which translates into an inability to maintain accurate and current assessments, which in turn results in fewer tax dollars collected. For every dollar spent on the PVA budget, \$13 is collected in tax revenues.

One possible initiative would allow local voters to determine a temporary tax increase to fund capital projects such as water and sewer lines, senior citizens centers, or a combination of projects deemed important to a community and quality of life. The Local Investment for Transformation (LIFT) proposal would allow citizens to vote and have a voice in projects that would be funded with a sunset of the revenue stream upon payment of the debt. This is local control at its best, and keeps local officials from making the trip to Frankfort every time they need to finance a project. The LIFT legislation would require a constitutional amendment, but KACo is convinced it would be a valuable option that counties could utilize as needed. KACo urges the General Assembly to give this legislation a closer look.

KACo would also like to see the legislature's support behind the "Kentucky Wins" effort that seeks the authority to let the people of Kentucky decide if they favor expanded gaming. If approved, the additional revenue streams would help reinstate some of the lost revenues that all agencies are experiencing.

(3) Pension payment coming due

for **KERS**. While the pension plan was changed last session from a defined benefit plan to a hybrid cash balance plan for new employees as of January, that bill and the process all stakeholders participated in to secure passage, strongly supports the legislature in its stated goal to make a fully funded Actuarially Required Contribution (ARC) payment starting with FY 15, to begin shoring up the Kentucky Employees Retirement System. While everyone is challenged in this economy, KACo urges the legislature to begin paying the full amount due each year to get the overall system healthier.

In response to a question from Representative Riggs, Judge Turner replied that Joe Barrows is the director of the CMRS Board but that he did not know the number of CMRS Board employees or the amount of its budget. Representative Koenig said that the CMRS Board has three employees, including Mr. Barrows.

Senator Bowen said that the public perceives the 911 fee on landlines and on cell phones as a double tax. Judge Turner said that the device and not the person is the charge.

In response to a question from Representative Riggs, Judge Turner said he would estimate about 30 to 40 percent of calls are non-emergency. Some jurisdictions levy a charge for repeated non-emergency use of 911 services, such as false alarms. Warren County Sheriff Jerry Gaines said the person making a call at the time thinks it is an emergency, but about 20 percent of the calls are non-emergency.

Representative Linder commented that Grant County farms out emergency 911 service to the State Police, thereby operating on a surplus. Grant County has been able to cut costs by 60 percent. Other counties could look into farming out their emergency 911 services. Judge Turner said that was a good idea. Some counties have regional emergency 911 service centers, and some cities and counties have merged their emergency 911 services.

In response to a question from Representative Riggs, Ms. Shellie Hampton with KACo said there were 116 call centers, with 86 being county PSAPs. Representative Riggs said that there seems to be too many call centers and that merging them would make sense to relieve the burden of funding them. Judge Turner said that, even without a call center in a jurisdiction, infrastructure is still required in each county for call routing purposes. Personnel costs are significant.

In response to a question from Representative McKee, Judge Turner replied that the surcharge on prepaid cell phones averages to be around \$0.39 per month. There needs to be uniformity. There has been legislation in the past that has not passed, and counties are losing money.

In response to a question from Representative Simpson, Judge Turner replied that he is unfamiliar with what other states are doing to fund 911 services. Some counties are adding charges to other

utilities.

In response to another question from Representative Simpson, Judge Turner said 85 to 90 percent of the 116 call centers are supplemented due to lack of funds from surcharges.

In response to a question from Representative Lee, Judge Turner said any amount of money would help in the funding of emergency 911 call centers.

In response to another question from Representative Lee, Judge Turner said that the difference between calling 911 and calling the police directly is that 911 can pinpoint a person's location using a cellphone's GPS capabilities. 911 systems are also beginning to accept text requests.

Representative Henderson said that there should be a fair and level playing field. Cellphone service is not available in some rural areas, and this can affect the provision of 911 services. Additional fiscal considerations may be warranted.

Representative Richards said that timeliness is important to consider in regards to response times. The services do not need to be sacrificed for efficiency's sake.

Representative Koenig said that it is not fair that citizens must pay more taxes on landlines than cell phones. There is also the administrative burden of assuring the tax money goes where it is due.

Representative Smart said that funding for emergency 911 should be a top priority. Everyone should come together and put their differences aside.

Representative Crimm said that the amount of money needed to fund emergency 911 needs to be worked out because that aspect of funding scares him.

In response to a question from Senator Seum, Judge Turner said that emergency 911 is a separate service from the police department.

Senator Thayer said that many entities are asking for more money. Everyone must remember that the money comes from the taxpayers. The legislature has to be very cautious in promising money because funding and budgeting will not be easy processes.

Regarding KACo's budget priority concerning the bed allotment formula for county jails, Representative Linder said that the jail issue is very important to counties. There are too many luxuries that county jails cannot afford.

Regarding a question from Representative Simpson, Judge Turner stated that KACo has discussed the number of counties in Kentucky. There has been some consolidation of services, but he does not believe counties will ever consolidate.

Representative Simpson inquired whether the office of jailer should be eliminated in counties that do not have a jail. He disagreed that counties do not want to merge. Sheriff Gaines noted the expenses of jails. Judge Turner commented that the jailer's salary is capped in counties

without jails, and that the jailer still has transportation duties in those counties.

Representative Meredith said that eliminating the jailer's office will not solve the problems. The prisoners of the county still need to be placed somewhere.

Senator Bowen said that KACo's challenge of funding is not with the legislature but with the soccer moms with calculators.

City Reclassification

Jonathan Steiner, Executive Director and CEO of the Kentucky League of Cities (KLC), said that a bill on city reclassification has been discussed for three years and is very important to KLC. The present system has been in place for over 100 years.

J.D. Chaney, Chief Governmental Affairs Officer of KLC, said that the 1891 Constitution created six classes of cities. One hundred years before home rule, cities had to petition the General Assembly for authorities for their government. Many diverse laws are gauged on city classification. In 1994, voters approved the ability of the General Assembly to devise a new classification system. There has not been a uniform proposal since then to change the classification system. City populations do not always match the statutory requirements for the classification of the city. Cities want to be fourth class cities because they have more flexibility with the alcohol and restaurant tax laws as well as fewer mandates. Legal challenges brought by citizens of Elizabethtown were in part responsible for prompting this recent discussion. The courts sided with the city and affirmed that reclassification is in the purview of the legislature.

KLC formed a committee, chaired by Midway Mayor Tom Bozarth, to propose a new classification system. The proposal would: (1) create three classes of cities based on the form of government (mayor-alderman, city manager; and mayor-council and commission); (2) repeal more than 50 statutes that are outdated or no longer needed; and (3) create a structural basis to change the classification system. Controversial policy debates would be left for future sessions.

In response to a question from Senator Robinson, Mr. Chaney said the statutes require that the repealed section of the Constitution be followed for reclassification.

Representative Simpson commended KLC for its work on the city reclassification.

Senator Palmer commented that, until all cities are treated the same, the problem of reclassification is never going away. It will not be fixed until cities get the tools they need.

There being no further business, the meeting was adjourned at 12:00 p.m.

Interim Joint Committee on State Government Minutes of the 5th Meeting of the 2013 Interim

November 20, 2013

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on State Government was held on Wednesday, November 20, 2013, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Brent Yonts, Co-Chair; Senators Walter Blevins Jr., Ernie Harris, Christian McDaniel, Morgan McGarvey, Gerald Neal, R. J. Palmer II, Albert Robinson, and Damon Thayer; Representatives Johnny Bell, Kevin Bratcher, Dwight Butler, John Carney, Will Coursey, Joseph Fischer, Derrick Graham, Mike Harmon, Kenny Imes, James Kay, Martha Jane King, Jimmie Lee, David Meade, Brad Montell, Tanya Pullin, Jody Richards, Tom Riner, Bart Rowland, Sal Santoro, Kevin Sinnette, Diane St. Onge, John Will Stacy, Tommy Thompson, Tommy Turner, and Ken Upchurch.

Guests: Bill Thielen, Brian Thomas, and Joe Bowman – Kentucky Retirement Systems (KRS); Gary Harbin, Eric Wampler, and Robert “Beau” Barnes – Kentucky Teachers’ Retirement System (KTRS).

LRC Staff: Alisha Miller, Kevin Devlin, Brad Gross, Karen Powell, Greg Woosley, and Peggy Sciantarelli.

Approval of Minutes

The minutes of the September 25 and October 23 meetings were approved without objection, upon motion by Representative Yonts.

Kentucky Retirement Systems – Status Report; Litigation Update

Guest speaker from Kentucky Retirement Systems was Bill Thielen, Executive Director. He was accompanied by Joe Bowman, staff attorney, and Brian Thomas, General Counsel.

Mr. Thielen said KRS is in the final stages of producing the FY 2013 annual valuation, for submission to the Board of Trustees on December 5. Based on the valuation the Board will set the FY 2015 and FY 2016 employer contribution rates for the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS), and the FY 2015 rate for the County Employees Retirement System (CERS). The consolidated annual financial report should be published in early January 2014. The KRS actuary will conduct an experience study between January and April 2014. Though required only once every 10 years by statute, KRS does the study at least every five years, with the last one completed in 2008. The actuary will subsequently advise the Board of any recommended changes in actuarial assumptions.

Chief Investment Officer T. J. Carlson resigned effective December 31, 2013, to take a position in the Austin, Texas Municipal Retirement System. After his departure David Peden will serve as interim chief investment officer.

KRS is in the process of implementing the requirements of Senate Bill 2, enacted in the 2013 regular session.

The new hybrid cash balance plan will become effective January 1, 2014, for new hires. Implementation of the pension “spiking” prohibition has been somewhat problematic for the technology system but will be completed to the extent necessary by January 1.

In January elections will commence to fill two KERS board members’ terms that will expire March 31. Senate Bill 2 increased board membership from nine to 13. Twelve members are now in place; one CERS position is vacant due to resignation. Recently elected members are David Rich (CERS) and Richard Tanner (Kentucky Association of Counties). Mr. Thielen said that KRS looks forward to working with the Public Pension Oversight Board created by Senate Bill 2.

KRS is involved in four lawsuits of significant impact to the systems. Each is in the discovery stage. The most prominent is with Seven Counties Services, Inc., a mental health services agency in the Louisville KY region. Seven Counties filed a Chapter 11 bankruptcy petition in April 2013, seeking to end the necessity for contributions for its employees in the KERS-nonhazardous plan and ultimately seeking to discharge its debt to the plan. Seven Counties argues that it has the right to withdraw from the plan because it is not a governmental entity. The lawsuit also claims that KRS no longer meets the qualifications of a governmental pension plan and is therefore subject to ERISA (Employee Retirement Income Security Act). KRS argues that Seven Counties is governmental and as such cannot file a Chapter 11 bankruptcy petition. KRS’ motion for a preliminary injunction was denied, and in April 2013 Seven Counties ceased making contributions for approximately 1,000 employees (about \$1.1 million monthly) but is continuing contributions for about 400 employees (\$300,000 monthly). Motions for dismissal by Seven Counties and KRS were denied. The case will go to trial in March 2014.

The Bluegrass Mental Health/Mental Retardation agency filed suit in Franklin Circuit Court seeking a ruling that it is not eligible to participate in the systems and to clarify its employees’ relationship with KERS. The agency began participating in KERS-nonhazardous by executive order in 1978. It has been ruled that employees of Oakwood Services—a sub-entity created in 2010 for new hires—are not required to participate. KRS has appealed two rulings in the case to the state Court of Appeals.

In 2011, KRS sued Kentucky River Community Care, Inc. (KRCC)—headquartered in Jackson, KY and serving eight eastern Kentucky counties—after learning that KRCC terminated most of its employees and rehired them in Go-Hire Employment and Development, an entity created by KRCC.

In September 2013 Frontier Housing, Inc. (headquartered in Morehead KY) and Housing Oriented Ministries, Inc., (headquartered in Whitesburg KY), two entities participating in CERS since 2002, filed suit in Franklin Circuit Court asking to be declared ineligible to participate because they are not governmental

entities.

Responding to questions from Senator Bowen, Mr. Thielen said he could not at this time estimate the potential fiscal impact of the lawsuits. If the entities were able to withdraw from the systems and not pay their share of the unfunded liability, contribution rates would increase, and KERS and CERS participating employers would incur additional cost. He is not aware of other similar cases that have been decided by the courts. Some states, however, have enacted legislation to permit withdrawal from a pension plan if the requesting entity pays its share of the unfunded liability and costs associated with withdrawal.

In response to Representative Yonts, Mr. Thielen said he would provide the committee with copies of the briefs filed in Seven Counties’ bankruptcy petition. KRS does not yet have approval from the Internal Revenue Service (IRS) for the hybrid cash balance plan but, regardless, is obligated by statute to implement the plan. KRS will seek a ruling as soon as possible. Seven Counties evidently was the source when \$227 million was reported as its share of the unfunded liability. A good approximation would be \$225 million-\$240 million, but the KRS actuary will have to determine the proportional share of pension liability for each employer. Those numbers should be available later.

When Senator Thayer asked about implementation of the “spiking” provision in Senate Bill 2, Mr. Thielen said that KRS may propose legislation to clear up uncertainties about some of the language in the legislation but has no plans to make changes to that provision.

Representative Carney expressed concern about the possibility of additional lawsuits and a reported lucrative real estate purchase by one of the current litigants. Mr. Thielen said the Board of Trustees is concerned about the potential fiscal impact if employer groups are permitted to withdraw from the systems.

Representative Montell asked whether the loss of key investment personnel will be detrimental to KRS. Mr. Thielen said that as of December 31 two investment personnel will be leaving—T. J. Carlson and Carlos “Bo” Craycraft. Mr. Craycraft is pursuing a different career path, and Mr. Carlson accepted a higher-paying position with a Texas pension plan that is 90 percent funded. The investment division has highly skilled and certified personnel. KRS would not want to lose them, but this presents a challenge, considering limitations on compensation and increased job opportunities in the financial, legal, and technology sectors. KRS has just presented to the investment committee a reorganization plan that will hopefully provide better career paths and address issues that may exist in the investment division.

Representative Fischer asked about the unfunded liability in KERS. Mr. Thielen said as of June 30, 2012, KERS-nonhazardous was 27.3 percent funded. Numbers for FY 2013 will be available soon. A minor drop in the funding status is expected, mainly because investment return is smoothed over a five-year period.

There has been double-digit return in three of the last four years, and funding status should begin to improve for all the plans. Unfunded liability is amortized over 30 years. If 100 percent of the ARC (actuarially recommended contribution) is paid and 7.75 percent investment return is achieved, the unfunded liability should be paid off during that period. Mr. Thielen said he believes the assumed 7.75 percent rate of return is realistic over the long term.

Responding to questions from Senator McDaniel, Mr. Thielen explained how KRS determines whether increases in creditable compensation would be considered spiking, as outlined in Senate Bill 2.

Senator Blevins inquired about the amount of KRS investments within the state and said he would hope at least five percent of invested funds would go toward spurring the economy in Kentucky. Mr. Thielen said he can provide that information to committee staff but that he believes Kentucky investments range from 3.5-4 percent. Investment staff continually look at opportunities to invest in Kentucky.

Senator Bowen asked whether there are any factors contributing to the current funding problem other than those that have been in the forefront of discussions. Mr. Thielen said he is not aware of any and that KRS has been open in its dealings with the General Assembly. The principal factors are investment loss during the past recession, unfunded COLAs (cost-of-living increases), GASB (Governmental Accounting Standards Board) rules that increased liability in the insurance fund, and an unanticipated increase in early retirements. Senator Bowen thanked Mr. Thielen and staff for their attendance and presentation.

Kentucky Teachers’ Retirement System – Funding Status Report

Guest speaker was Gary Harbin, Executive Secretary. With him were Eric Wampler, Deputy Executive Secretary for Finance and Administration, and Beau Barnes, Deputy Executive Secretary of Operations and General Counsel. Mr. Harbin provided copies of his PowerPoint presentation.

Mr. Harbin said the KTRS pension liability is growing at 7.5 percent compounded. To remain actuarially sound, KTRS needs \$386 million in the first year of the coming biennium and over \$400 million in the second year.

Mr. Harbin reviewed charts illustrating annual employer and employee contribution rates since FY 1999 for KTRS and KRS. He said in FYs 2007 and 2008 retired teachers gave up .8 percent and .7 percent ad hoc COLAs, and the legislature appropriated additional funds to keep KTRS actuarially sound. The legislature appropriated additional funds in the form of \$865 million in bonds since 2010—primarily to repay KTRS for \$465 million borrowed to fund retiree medical benefits, plus \$400 million for transition funding when the Shared Responsibility legislation was enacted to provide long-term funding of retired teacher health care. The total contribution rate is now 29.46 percent, reflecting an additional three percent that

active teachers began contributing after passage of the legislation. KTRS was 97 percent funded in 1998-99 but now is only 54 percent funded.

KTRS’ pension structure is a defined benefit (DB) plan, which is the most cost effective method of providing for retirement benefits. Defined benefit plans feature professionally managed investments, lower administrative costs, and insurance against longevity and market timing risks. DB plans provide a bridge through market downturns and can deliver the same benefit at about half the cost of a DC (defined contribution) plan. Mr. Harbin pointed out that in June 2013, prior to the market upswing in July, his personal 401k (DC) plan from his previous 30 years employed in the private sector had the same balance as in March 2000.

Mr. Harbin said KTRS has a strong investment committee structure and a strong nine-member board of trustees. Over the last five years, investment performance has ranked in the top seven percent of public pension plans nationally. The assumed rate of return is 7.5 percent. One-year return was 14.1 percent; three-year return was 12.4 percent, and 30-year return was 8.3 percent.

Kentucky teachers do not receive Social Security benefits, and the average annual pension benefit after 30 years service is about \$36,000. Pension reform in 2008 lowered costs by significantly reducing the multiplier for new hires. Sick leave credit, formerly unlimited, was limited to 300 days. Vesting for retiree health care was extended from five to 15 years, and age/years-of-service eligibility requirements were increased. Pension reform also provided more actuarially sound benefits for teachers entering the system from out-of-state late in their careers.

The education community, General Assembly, and Governor came together in 2010 to solve the funding needs for retired teachers’ health care. Enactment of the Shared Responsibility legislation reduced the unfunded liability from over \$8 billion to \$3 billion.

KTRS administrative costs are among the lowest in the nation for statewide pension plans. In 1998, when “air time” became law, the Board of Trustees assured that those purchasing it would bear the full actuarial cost. Since the implementation of 2002 legislation, retired teachers returning to the classroom can earn only 65 percent of final salary if retired with less than 30 years of service, or 75 percent if retired with 30 or more years. KTRS has 15,000 members—one out of four classroom teachers—now eligible to retire. If they retired and returned to teaching with less than 30 years service, their starting salary would approximate the pay of a new teacher, thus preserving the retirement dividend for school districts.

Retired teachers’ COLAs have always been prefunded. In January 2006, the Governor’s budget recommended an ad hoc COLA of .8 percent and .7 percent over the next two years but excluded funding necessary to sustain teachers’ pensions. Retired teachers gave up this

ad hoc COLA to provide half the funding needed to keep the system actuarially sound, with the General Assembly providing the balance needed during that biennium. Before passage of the Shared Responsibility legislation, teachers were contributing 9.855 percent of pay toward retirement and medical benefits. By the end of the current biennium, the six-year phase-in of that legislation will be complete, and teachers will be contributing 12.855 percent of pay.

Mr. Harbin maintained that KTRS' funding problem is not due to the structure of teachers' pensions, investment performance, benefits that are too rich, the need for pension reform, cost of retiree health care, administrative costs of the plan, cost of "air time," retired teachers returning to work, enhanced benefits, unfunded COLAs, board structure, or teachers not contributing their share. Rather, it is due to the state not being able to contribute its share. Since 2008, the state has not made the required annual contributions for teachers' pensions. The change in GASB accounting rules in 2015 will require the state to report almost double the unfunded liability—from \$12 billion as of June 30, 2012, to \$23 billion. The problem grows at compounded rates, and the state's options to solve the problem will decrease with upward movement in interest rates.

Mr. Harbin offered a framework for a plan to solve the funding problem and keep the system actuarially sound: (1) adopt a long-term solution this biennium that would stop compounding the problem; (2) make required annual contributions by replacing the state's debt, which is compounding at 7.5 percent, with a pension obligations bond (POB) issued at historically low rates—now 4.3 percent; and (3) establish a minimum time frame for making required annual contributions from the general fund over the next six years. Bonding would be a good option. The \$865 million in bonds previously appropriated by the legislature is now worth over \$1.1 billion in the investment portfolio. KTRS also has a \$250 million timber portfolio. It has been suggested that right-of-ways along interstate highways and parkways in many states are under-utilized assets that could be converted to timber land.

When asked by Senator Bowen, Mr. Harbin said 31 is the average age for a starting teacher, and teachers are eligible for retirement benefits after 27 years of service. The average teacher retires at age 58, with 30 years of service.

When Representative Yonts asked about five, 10, 15, and 20-year investment return, Mr. Harbin said he did not have those figures with him but could provide them. He said 10-year return did not achieve the 7.5 percent assumed rate due to market conditions. He agreed to also provide a chart requested by Representative Yonts illustrating the percentage of unfunded liability attributable to investment return and various other economic factors such as employer contribution levels, retirement rates and turnover, actuarial assumptions, benefits, and COLAs. When Representative Yonts expressed concern about the funding of additional bond

debt, Mr. Harbin explained how it would improve liability in the pension fund. He also explained in detail how KTRS retiree health care has been funded over the years.

Representative Montell said, in his opinion, poor investment return has been the main driver in the state's not being able to pay its share. Mr. Harbin concurred and said that retiree medical insurance cost has also been a primary factor. Representative Montell agreed with Mr. Harbin that the system must be shored up but expressed concern that, while the proposed bonding and budget appropriations would address the current funding status, the lack of investment return going forward could put KTRS back in the same situation. He emphasized the necessity for cooperation and openness in considering options for the future. Mr. Harbin said that KTRS investments have done everything they are supposed to do, and 7.5 percent return is believed attainable. To achieve those earnings, however, assets must be available to invest. It is a difficult situation, both for KTRS and the legislature, but a plan needs to be in place that can guarantee retirement benefits and fulfill the inviolable contract for teachers in the long term. Although the market involves risk, there is risk, too, if the market performs as hoped and there are no assets to invest.

When asked by Representative Bratcher, Mr. Harbin explained the authority and duties of the KTRS Board of Trustees.

Answering questions from Senator McDaniel, Mr. Harbin said that teachers have been eligible for Medicare since 1986 and must enroll in Medicare Part B at age 65. Spouses pay full cost of their health insurance. He confirmed that, without a funding plan, GASB 67-68 will not allow KTRS any discount rate. After the year 2036, the discount would be a blended rate well below five percent. Regarding the KTRS budget request to cover the funding shortfall, if the market averages 7.5 percent return, the \$400 million request per year would be a 30-year commitment.

Responding to questions from Representative Richards, Mr. Harbin said that 64.8 percent of KTRS investments are in stocks and 17 percent in bonds, including treasury bonds. Approximately five percent of assets are in real estate, an area of potential future growth. KTRS is in the process of expanding its real estate investments and has been rotating out of bonds, which may be the riskiest asset at present.

When Senator Blevins asked about investments in the Commonwealth, Mr. Harbin said KTRS looks at every opportunity for in-state investment and has \$21 million invested in private equity in Kentucky—one of KTRS' first private equity investments. He said he does not have the figures with him but would provide Senator Blevins a copy of the annual financial report that was recently submitted to LRC.

Subcommittee Report

Senator Bowen, co-chair of the Task Force on Elections, Constitutional Amendments and Intergovernmental Affairs, read the report of the October 22 subcommittee meeting. The report was

adopted without objection, upon motion by Representative Graham.

Recognitions and Adjournment

Representative Kay recognized in the audience two of his constituents, retired teachers Kay Cruse and Laura Gray. Senator Bowen thanked Mr. Harbin for his attendance and presentation.

With business concluded, the meeting adjourned at 3:00 p.m.

Interim Joint Committee on State Government Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs Minutes of the 4th Meeting of the 2013 Interim

November 26, 2013

Call to Order and Roll Call

The 4th meeting of the Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs of the Interim Joint Committee on State Government was held on Tuesday, November 26, 2013, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Darryl T. Owens, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Darryl T. Owens, Co-Chair; Senators Walter Blevins Jr., Christian McDaniel, Morgan McGarvey, Albert Robinson, and Damon Thayer; Representatives Kevin D. Bratcher, Larry Clark, Joseph M. Fischer, Derrick Graham, Mike Harmon, Mary Lou Marzian, and Bart Rowland.

Guests: Emily Dennis, General Counsel, Registry of Election Finance.

LRC Staff: Greg Woosley, Karen Powell, Kevin Devlin, and Terisa Roland.

Approval of Minutes

The minutes of the October 22, 2013 meeting were approved without objection, upon motion by Representative Clark and second by Representative Harmon.

Campaign Finance Initiative for the 2014 Regular Session

The task force discussed the Kentucky Registry of Election Finance's 2014 legislative initiative to create a single threshold for campaign finance report requirements. Emily Dennis, General Counsel, testified that, under the current campaign finance law, candidates are subject to a confusing dual threshold system for campaign finance reporting based on the level of money they intend to raise and spend, which a candidate selects at the time he or she registers a campaign account. The dual threshold system results in three separate options for candidates: (1) those who will raise or spend \$1,000 or less are not required to file any campaign finance reports; (2) those who will raise or spend between \$1,000 and \$3,000 are required to file only post-election reports; and (3) those who will raise or spend more than \$3,000 are required to file all pre-election and post-election campaign finance reports.

Ms. Dennis said the dual threshold for reporting is time consuming for the agency to explain, costly to administer, and confusing for candidates. The issue has been considered by the General Assembly in past sessions, most recently in 2013 HB 369, which proposed establishing a

single \$5,000 threshold for mandatory campaign finance reporting based on the recommendations of a 2005 advisory task force on campaign finance. Ms. Dennis said there may have been concern that the \$5,000 threshold in HB 369 was too high and could result in too many small campaigns not having to file any reports.

Ms. Dennis said that the registry is working on its 2014 legislative initiative, which will propose a single \$3,000 threshold for campaign finance reporting. Under the proposal, candidates who raise or spend more than \$3,000 will be required to file all pre-election and post-election reports for a given election, and those candidates who raise or spend \$3,000 or less will not be required to report.

Several members voiced their opinions, with a particular concern being the timing of instituting a reporting change during an election year.

The business concluded, and the meeting was adjourned at 2:15 p.m.

Interim Joint Committee on Veterans, Military Affairs, and Public Protection Minutes of the 5th Meeting of the 2013 Interim

November 14, 2013

Emergency Operations Center Tour

Committee members toured the new Emergency Operations Center on November 14, 2013, at the Boone National Guard Center before the committee meeting began.

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Thursday, November 14, 2013, at 1:00 PM, at the Boone National Guard Center in Frankfort, Kentucky. Representative Tanya Pullin, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Tanya Pullin, Co-Chair; Senators Carroll Gibson, Ernie Harris, Christian McDaniel, Dennis Parrett, Albert Robinson, Whitney Westerfield, and Mike Wilson; Representatives Regina Bunch, Tom Burch, Larry Clark, Leslie Combs, Tim Couch, Will Coursey, Ron Crimm, Robert R. Damron, Myron Dossett, David Floyd, Kenny Imes, Martha Jane King, Jimmie Lee, Terry Mills, Tim Moore, Rick G. Nelson, Tom Riner, Rita Smart, John Tilley, and Russell Webber.

Guests: Col. Steven Bullard, Kentucky Department of Military Affairs; Col. James Huggins, Commander and Lt. Col. Don Morgan, Public Affairs Officer, Kentucky Civil Air Patrol (CAP).

LRC Staff: Erica Warren, Kristopher Shera, Daniel Carter, and Rhonda Schierer.

Minutes

Senator Wilson moved to adopt the October 10, 2013, meeting minutes. Representative King seconded the motion, and the minutes were adopted.

Kentucky Department of Military Affairs

Col. Steven Bullard gave a PowerPoint presentation on the Kentucky

National Guard's organization, dual-purpose capabilities, recent and current missions, installations and facilities, tuition and assistance program, and support resources.

The Kentucky Army National Guard has 7,235 soldiers and the Kentucky Air National Guard has 1,202 Airmen. Some of the dual-purpose capabilities for Kentucky Army National Guard are transportation/truck, medical, engineer, and military police assets, and the Kentucky Air National Guard has airlift, air medical, and special tactics assets. Kentucky specific capabilities are the Division of Emergency Management, Bluegrass Station, and Kentucky Logistics Operations Center. Recent and current missions include natural disaster planning, ongoing civil support operations, and various local events. The National Guard has provided funeral honors for 238 Kentucky veterans and is planning for multi-state and regional efforts to have a national level exercise in 2014 centering on the New Madrid Fault.

There have been over 18,000 Kentucky National Guard personnel deployed since September 11, 2001. 2014 will have the smallest deployment numbers since 2001.

There are 52 armories and one airbase in 49 counties of Kentucky. Current training sites are in Greenville, Artemus, and Clay City, Kentucky. The Department of Defense programs include the Family Relief Assistance Program, National Guard Resilience Program, Suicide Prevention Program, Survivors' Day at the Races, Youth ChalleNGe Program. Kentucky programs include the Military Family Assistance Trust Fund and KYNG Adoption Benefit Program. The KYNG Tuition Assistance Program FY 13-14 academic year budget is \$4,898,100. To date, for the fall semester alone, \$3,578,932 has been obligated. There are 1,030 applicants for the fall semester.

In response to a question from Chair Pullin, Col. Bullard stated that the tuition assistance program had no funds left over from the previous year.

In response to a question from Co-Chair Higdon, Col. Bullard stated that the National Guard is looking to expand Bluegrass Station.

Kentucky Civil Air Patrol

Col. James Huggins, Commander, and Lt. Col. Don Morgan, Public Affairs Officer, gave a PowerPoint presentation on the Kentucky Civil Air Patrol Kentucky Wing of the United States Air Force Auxiliary. The Civil Air Patrol (CAP) is a non-profit 501-C3 corporation made up of all volunteers. CAP provides emergency services, search and rescue, disaster damage assessment and relief, counterdrug, and homeland security missions. The organization is funded and supported by the United States Air Force, DoD, and other federal agencies. CAP receives funding from 45 state governments appropriations totaling \$3,000,000 annually. The Kentucky Wing of the CAP was created in 1996.

The Kentucky CAP has 15 squadrons located in Bardstown, Bowling Green, Danville, Frankfort, Ft. Campbell, Fulton

County, Lexington, Louisville, Northern Kentucky, Owensboro, and Paducah. The Kentucky CAP Wing is the provider of aerial photography for the Kentucky Department of Emergency Management. There are 602 members, nine airplanes, and 20 vehicles.

Lt. Col. Don Morgan provided a list of needs for the Kentucky Wing which is a part of this official record. A member application was provided to all committee members and staff who are interested in becoming a member of the Kentucky CAP Wing. The application is part of this official record.

In response to a question from Senator Westerfield, Col. Morgan stated that the applications can be mailed to Don. C. Morgan, Lt. Col., CAP, 101 Branwood Lane, Nicholasville, KY 40356.

Other Business

The Commander of Agribusiness, Lt. Col. Dallas Kratzer, Director of Personnel, briefly discussed a nine month mission in Afghanistan where he, 39 volunteers, and 35 security personnel helped businesses, farmers, and veterans, and worked in the villages of Afghanistan with a local governor.

There being no further business, the meeting was adjourned.

Capital Projects and Bond Oversight Committee Minutes

November 19, 2013

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee was held on Tuesday, November 19, 2013, at 1:00 p.m., in Room 169 of the Capitol Annex. Representative Kevin Sinnette, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Julian Carroll, Chris Girdler, Bob Leeper, and Christian McDaniel; Representatives Robert Damron, Steven Rudy, and Kevin Sinnette.

Guests Testifying Before the Committee: Mr. Scott Aubrey, Director, Division of Real Properties, Finance and Administration Cabinet; Mr. Andy Daigle, Finance and Administration Manager, Bluegrass Station, Department of Military Affairs; Mr. John Hicks, Deputy State Budget Director; Mr. Tony Wheatley, Land Acquisition Coordinator, Kentucky Department of Fish and Wildlife; Mr. John Covington, Executive Director, Kentucky Infrastructure Authority; Ms. Lisa Beran, General Counsel, Kentucky Housing Corporation; and Mr. Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Josh Nacey, Katherine Halloran, and Angela Offerman.

Resolution Honoring Ms. Kristi Culpepper

Mr. Josh Nacey, Committee Staff Administrator, read a resolution honoring Ms. Kristi Culpepper, who resigned on October 31, 2013, as Committee Staff Administrator for the committee.

Approval of Minutes

Representative Rudy made a motion to approve the minutes of the October 15, 2013, meeting. The motion was seconded

by Senator Leeper and approved by voice vote.

Information Items

Mr. Nacey presented three information items for review. The first item was the annual Economic Development Bond Report from the Cabinet for Economic Development. The report detailed previously approved Economic Development Bond grant projects with respect to job creation and wage requirements.

The second item was an article from the State-Journal which reported that a private equity firm sought to invest in building new dormitories on the Kentucky State University (KSU) campus. Under the proposal, Miami-based Mantra would finance the design, development, and construction of the dorms, as well as maintenance and restoration. The university would then make lease payments to Mantra. The project will be brought before the committee at a later date.

The third item included a report and news article regarding Moody's downgrade of the underlying rating on the Kentucky Economic Development Finance Authority's Louisville Arena Project Revenue Bonds to Ba3 from Ba2 and the change in the outlook to stable.

Project Report from Western Kentucky University (WKU)

Mr. Nacey said WKU reported the use of \$750,000 of authorized funds for the WKU Campus Parking Area Lighting Upgrade project to replace area lighting in all internal and perimeter parking areas on WKU's main, south, and Research and Development campuses. With this project, the current High Intensity Discharge (HID) fixtures will be replaced with Light Emitting Diode (LED) fixtures. Additionally, the project would reduce the number of required fixtures to achieve additional cost savings. No action was required.

Lease Reports from the Finance and Administration Cabinet

Mr. Scott Aubrey, Director, Division of Real Properties, Finance and Administration Cabinet, presented twenty items. The first item was for a new lease with an annual cost exceeding \$100,000 for the Department for Workforce Investment in Madison County. The new lease was procured through the competitive bidding process and was awarded to Frazier Realty Company LLC for 9,648 square feet (sq ft) of office space at \$11.75 per sq ft, excluding utilities and janitorial services, for an annual cost of \$113,364. The lease will expire June 30, 2021.

Senator Carroll made a motion to approve the new lease. The motion was seconded by Senator McDaniel and approved by roll call vote.

The second item was for a new lease for the Cabinet for Health and Family Services in Fayette County. The new lease was procured through the competitive bidding process and was awarded to B & C Investments for 10,912 sq ft of office and clinic space at \$16.50 per sq ft, including utilities and janitorial services, for an annual cost of \$180,048. The lease will expire June 30, 2020.

In response to a question from

Senator Carroll, Mr. Aubrey said the difference in the cost per sq ft and the county average cost per sq ft was due to leases that have been in effect for a long period of time.

In response to a question from Representative Damron, Mr. Aubrey said the cabinet currently occupies the space.

In response to a question from Senator Leeper, Mr. Aubrey said the increase in the cost per sq ft for a longer lease term may be due to inflation.

Senator Carroll made a motion to approve the new lease. The motion was seconded by Senator Girdler and approved by roll call vote.

The third item was for a lease modification and amortization of leasehold improvements for the Department for Military Affairs in Fayette County. The lease was modified to allow for the installation of reinforced concrete for a storage area and to allow for the use of 60,000 sq ft of space at no cost from January 16, 2014, until full occupancy on February 12, 2014.

One estimate was received for the reinforced concrete work from Brett Construction Company for \$304,600, including interest. A total cost of \$451,050 will be amortized through the term of the lease, which expires 155 months from the effective date.

In response to questions from Senator McDaniel, Mr. Aubrey said Brett Construction Company and Setzer Properties BGS II, LLC was owned by the same person. The concrete reinforcement was necessary for the storage of Heavy Expanded Mobility Tactical Truck (HEMTT) military vehicles.

Mr. Aubrey said Bluegrass Station is state-owned property and the improvements were bonded and will be amortized over the lifetime of the lease. Mr. Aubrey said the project was initially developed under KRS 56.820(3), which allows a built-to-suit lease for projects. Mr. Aubrey described the built-to-suit process.

Senator McDaniel made a motion to approve the lease modification. The motion was seconded by Senator Carroll and approved by roll call vote.

The fourth item was for a lease modification for the Department for Workforce Investment in Jefferson County. The department requested an increase of 6,964 sq ft to bring the total to 14,766 sq ft at a rental rate of \$9.50 for an annual cost of \$74,119. The lease will expire June 30, 2021.

In response to a question from Representative Damron, Mr. Aubrey said the department is expanding to create a one-stop center, resulting in a net increase in office space.

Senator Carroll made a motion to approve the new lease. The motion was seconded by Representative Rudy and approved by roll call vote.

The fifth item was for a lease renewal for the Labor Cabinet in Franklin County, under the same terms and conditions, for a total annual rent cost of \$578,784 through June 30, 2017.

The sixth item was for a lease renewal for the Cabinet for Health and Family Services in Franklin County, under

the same terms and conditions, for a total annual rent cost of \$1,127,854 through June 30, 2017.

The seventh item was for a lease renewal for the Cabinet for Health and Family Services in Kenton County, under the same terms and conditions, for a total annual rent cost of \$106,925 through June 30, 2016.

The eighth item was for a lease renewal for the Cabinet for Health and Family Services in Martin County, under the same terms and conditions, for a total annual rent cost of \$133,193 through June 30, 2019.

The ninth item was for a lease renewal for the Cabinet for Health and Family Services in Montgomery County, under the same terms and conditions, for a total annual rent cost of \$130,356 through June 30, 2015.

The tenth item was for a lease renewal for the Cabinet for Health and Family Services in Morgan County, under the same terms and conditions, for a total annual rent cost of \$138,530 through June 30, 2016.

The eleventh item was for a lease renewal for the Cabinet for Health and Family Services in Pike County, under the same terms and conditions, for a total annual rent cost of \$112,063 through June 30, 2022.

The twelfth item was for a lease renewal for the Cabinet for Health and Family Services in Scott County, under the same terms and conditions, for a total annual rent cost of \$216,736 through June 30, 2015.

The thirteenth item was for a lease renewal for the Department of Agriculture in Franklin County, under the same terms and conditions, for a total annual rent cost of \$182,793 through June 30, 2015.

The fourteenth item was for a lease renewal for the Department of Corrections in Campbell County, under the same terms and conditions, for a total annual rent cost of \$139,531 through June 30, 2019.

The fifteenth item was for a lease renewal for the Department of Insurance in Franklin County, under the same terms and conditions, for a total annual rent cost of \$279,126 through June 30, 2016.

The sixteenth item was for a lease renewal for the Department for Local Government in Franklin County, under the same terms and conditions, for a total annual rent cost of \$191,025 through June 30, 2017.

The seventeenth item was for a lease renewal for the Department of Revenue in Boone County, under the same terms and conditions, for a total annual rent cost of \$110,110 through June 30, 2022.

The eighteenth item was for a lease renewal for the Department for Workforce Investment in Fayette County, under the same terms and conditions, for a total annual rent cost of \$214,648 through June 30, 2017.

The nineteenth item was for a lease renewal for the Energy and Environment Cabinet in Floyd County, under the same terms and conditions, for a total annual rent cost of \$117,975 through June 30, 2022.

The twentieth item was for a lease renewal for the Energy and Environment

Cabinet in Franklin County, under the same terms and conditions, for a total annual rent cost of \$114,308 through June 30, 2016.

In response to a question from Senator McDaniel, Mr. Aubrey said all real property information was maintained in an inventory database, which includes the county average lease rate cost from leases paid by the state.

Senator Carroll made a motion to approve the lease renewals. The motion was seconded by Senator Leeper and approved by roll call vote.

Project Reports from the Finance and Administration Cabinet

Mr. John Hicks, Deputy State Budget Director, presented five items. The first item was for an unbudgeted capital project request from the Tourism, Arts and Heritage Cabinet, Department of Parks, for the approval of the Beech Fork Covered Bridge Upgrade project in Washington County. The project appropriation was \$1,939,300 and was 100 percent federally funded.

Senator Carroll made a motion to approve the capital project. The motion was seconded by Representative Damron and approved by roll call vote.

The second item presented was a request from the Justice and Public Safety Cabinet, Kentucky State Police, for a \$2,725,000 (136%) scope increase for the Demolition and Construction of Training Academy Building project. The scope increase will be funded from federal asset forfeiture funds and will result in a revised appropriation of \$4,725,000. The scope increase will enable the project to fully finance the demolition of the administration building and the construction of new office, conference room, classroom, and food service facilities.

In response to a question from Senator McDaniel, Mr. Hicks said he would provide a financial overview of the project to the committee.

In response to questions from Senator Leeper, Mr. Hicks said there is an account that holds the asset forfeiture funds. The funds for the project have been moved to the project account. The asset forfeiture fund account maintains a balance and federal restrictions exist for the usage of the funds.

Representative Damron made a motion to approve the scope increase. The motion was seconded by Senator McDaniel and approved by roll call vote.

The third item presented was a report for a pool project in excess of \$600,000 for the Department of Fish and Wildlife Resources Big River Phase II – Crittenden County Land Purchase project. The \$12,681,300 project involved the purchase of 4,285 acres of land and will be funded with \$5,770,000 from the Kentucky Heritage Land Conservation Pool, \$1,161,300 from the Fish and Wildlife Resources Land Acquisition Pool, \$650,000 from the Fees-in-Lieu-Of Stream Mitigation Pool, and \$5,100,000 in federal funds from a forest legacy grant.

Representative Rudy expressed his constituents' concerns regarding the loss of property tax proceeds related to the project. In response, Mr. Tony Wheatley,

Land Acquisition Coordinator, Kentucky Department of Fish and Wildlife, said the department's resources, including staff, outweigh the loss of the property tax proceeds.

In response to a question from Representative Damron, Mr. Hicks said he was unaware of anything permitting or prohibiting the payment of fees-in-lieu-of taxes to school districts. No action was required.

The fourth item presented was a report for a pool project in excess of \$600,000 for the Department of Fish and Wildlife Resources FILO-Hatchery Creek project in Russell County. The project will be funded with \$1,807,000 from the 2010-2012 Fish and Wildlife Fees-in-Lieu-Of Stream Mitigation Pool. The project will establish 6,500 feet of new channel from the Wolf Creek National Fish Hatchery to the Cumberland River to replace an existing stream that is an eroded gulley causing sediment pollution into the Cumberland River.

In response to a question from Representative Damron, Mr. Hicks said the funds come from contractors and the Department of Highways when wetlands are disturbed during construction projects. After a feasibility analysis of wetland restoration, a fee amount is determined and paid by the contractor or department into the fund. The Department of Fish and Wildlife Resources maintains a cooperative agreement with the US Army Corp of Engineers and they evaluate projects requesting the use of the funds. No action was required.

The fifth item presented was a report for a pool project in excess of \$600,000 for the Department of Fish and Wildlife Resources Letcher-Smoot Property Land Acquisition in Nicholas County. The \$1,079,000 project involved the purchase of 464.5 acres of land adjoining the existing Clay Wildlife Management Area and will be funded with \$692,000 from the 2012-2014 Land Acquisition Pool and \$387,000 from the Fees-in-Lieu-Of Stream Mitigation Pool. No action was required.

Kentucky Infrastructure Authority (KIA) Loans

Mr. John Covington, Executive Director, KIA, presented three loan increases, one new loan, and one grant request. The first request was for a Fund A loan increase for the City of Flatwoods in Greenup County. The request was for an increase of \$40,000 to the previously approved \$400,000 loan for the Sanitary Sewer Collection Systems Improvements project. The new Fund A loan amount is \$440,000. The increase will fund the replacement of an existing six-inch pipe that was originally thought to be eight inches prior to the final design. The loan will have a 20-year term, an interest rate of two percent, and an estimated annual debt service payment of \$27,681.

Representative Leeper made a motion to approve the Fund A loan increase. The motion was seconded by Senator Carroll and approved by roll call vote with one "no" vote.

The second request was for a Fund B loan increase for the City of Greenville for the benefit of Greenville Utilities

Commission in Muhlenberg County. The request was for an increase of \$111,500 to the previously approved \$1,115,000 loan for a sewer improvement project. The new Fund B loan amount is \$1,226,500. The increase was for funding soil stabilization, replacing portions of aeration equipment, and changing materials for a new supplemental basin. The loan will have a 20-year term, an interest rate of one percent, and an estimated annual debt service payment of \$70,267.

The third request was for a Fund B loan increase for the City of Elkton in Todd County. The request was for an increase of \$32,000 to the previously approved \$320,000 loan for the Elkton Todd County Water District Separation project. The new Fund B loan amount is \$352,000. The increase was for additional pipeline route connections, a master meter valve pit, and additions to the system that monitors and controls flow from the water supplier. The loan will have a 20-year term, an interest rate of 1.75 percent, and an estimated annual debt service payment of \$21,639.

In response to a question from Senator McDaniel, Mr. Covington said it is KIA's policy to include in each conditional commitment a provision that an increase in the loan amount up to ten percent may be requested without having to go before the KIA board.

In response to a question from Senator Carroll, Mr. Covington said the policy allows flexibility for immaterial project scope changes without board approval. Mr. Covington said KIA would provide a letter to the committee describing the statutory basis for the agency creation, the administrative regulation authorizing the agency to approve up to ten percent scope increases, and the plan for reviewing the administrative regulations.

The fourth request was for a Fund B loan for the Paradise Park Regional Industrial Development Authority in Muhlenberg County. The request was for a \$350,000 loan for the Paradise Park Water Transmission project. The project involves the construction of approximately 34,000 feet of new water mains, an upgrade to the pump station to provide for industrial demands at the business park, and the addition of fire protection for the park and existing customers. The loan will have a 20-year term, an interest rate of 1.75 percent, and a debt service payment of \$21,516.

Senator Carroll made a motion to approve the Fund B loan increases and the new loan. The motion was seconded by Senator Leeper and approved by roll call vote with one "no" vote.

Mr. Covington reported an Infrastructure for Economic Development Grant (Non-coal County) for the City of Georgetown in Scott County for the Georgetown/Scott County South Sewer Extension. No action was required.

Reports from the Office of Financial Management

Mr. Ryan Barrow, Executive Director, Office of Financial Management, presented one information item, two new bond issues, and one follow-up report on a previously approved bond issue. The first item was a letter from the Transportation

Cabinet reporting the total payments made to-date to Public Financial Management for financial advisory services provided to the Kentucky Public Transportation Infrastructure Authority.

The second item was a new bond issue for Northern Kentucky University General Receipts Revenue Bonds, 2014 Series A, to fully finance the renovation and expansion of the Albright Health Center and the acquisition and renovation of a new residence hall, which were authorized by 2013 HB 7.

Senator McDaniel made a motion to approve the new bond issue. The motion was seconded by Representative Damron and approved by roll call vote.

The third item presented was Kentucky Housing Corporation (KHC) Conduit Multifamily Housing Revenue Bonds (Maple Street Apartments Project) Series 2013, for the acquisition, construction, and equipping of a multifamily residential rental facility consisting of approximately 56 units.

The anticipated gross proceeds will be up to \$1,225,000 and the proposed date of sale will be in December 2013 with an estimated interest rate of 4.25 percent. It will be a private placement and Peck, Shaffer & Williams LLP will serve as bond counsel.

In response to a question from Chairman Sinnette, Ms. Lisa Beran, General Counsel, KHC, said that there was not a conflict of interest with McBrayer, McGinnis, Leslie & Kirkland, PLLC, representing the borrower and developer and also serving as special counsel to KHC. McBrayer, McGinnis, Leslie & Kirkland, PLLC, represented the borrower and developer on the competitively awarded nine percent tax credits and not on the noncompetitive four percent tax credit portion, which is a part of the conduit bond issue. If the project proceeds and nine percent tax credit are applied for, a waiver will be executed.

Senator McDaniel made a motion to approve the new bond issue. The motion was seconded by Senator Leeper and approved by roll call vote.

Mr. Barrow presented a follow-up report on Western Kentucky University General Receipts Bonds, 2013 Series A. The par amount of the bonds was \$36,095,000 with a true interest cost of 3.799 percent. No action was required.

New School Bond Issues with School Facilities Construction Commission (SFCC) Debt Service Participation

Mr. Barrow reported eight school bond issues with SFCC debt service participation with a total par amount of \$53,695,000. The state portion of the annual debt service payment was \$1,040,829 and the local contribution was \$2,814,897. The bond issues did not involve tax increases.

Senator McDaniel made a motion to approve the school bond issues. The motion was seconded by Senator Leeper and approved by roll call vote.

New School Bond Issues with 100 Percent Locally Funded Debt Service Participation

Four local school bond issues have been reported to the committee. The bond

issues were 100 percent locally funded and do not involve tax increases. The bond issues will finance improvements to existing facilities, construct a new facility, and refinance a previously approved bond issue. No action was required.

With there being no further business, the meeting adjourned at 2:30 p.m.

Capital Projects and Bond Oversight Committee Minutes

December 17, 2013

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, December 17, 2013, at 1:00 p.m., in Room 169 of the Capitol Annex. Senator Chris Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Julian Carroll, Chris Girdler, Bob Leeper, and Christian McDaniel; Representatives Robert Damron, Steven Rudy, and Kevin Sinnette.

Guests Testifying Before the Committee: Mr. Mitchell Payne, Interim Vice President for Business Affairs, University of Louisville; Ms. Donna Gissen, Assistant Vice President for Health Affairs, University of Louisville; Mr. John Hicks, Deputy State Budget Director; Mr. John Covington, Executive Director, Kentucky Infrastructure Authority; and Mr. Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Josh Nacey, Katherine Halloran, and Angela Offerman.

Approval of Minutes

Representative Rudy moved to approve the minutes of the November 19, 2013, meeting. The motion was seconded by Senator Leeper and approved by voice vote.

Information Items

Mr. Nacey presented two information items for review. The first item was correspondence from the Kentucky Infrastructure Authority (KIA) in response to the committee's request for additional information regarding KIA's authority to adjust loan amounts up to ten percent without a vote by the KIA board of directors.

The second item was the Capital Projects and Bond Oversight Committee activity report to the 2014 General Assembly.

Project Report from the University of Louisville (UofL)

Mr. Mitchell Payne, Interim Vice President for Business Affairs, UofL, presented a new lease for office space with Nucleus Real Properties, Inc. The space was used for a new research institute for the study of optimal aging and in close proximity to health science center offices for the university. The annual rental cost was \$129,533.

In response to a question from Senator Leeper, Ms. Donna Gissen, Assistant Vice President for Health Affairs, UofL, said she would provide contact information for the Institute for Optimal Aging to Senator Leeper.

Senator Carroll made a motion to approve the new lease. The motion was

seconded by Senator Leeper and approved by roll call vote.

Project Reports from the Finance and Administration Cabinet

Mr. John Hicks, Deputy State Budget Director, presented four items. The first item was for an unbudgeted capital information technology project request from the Office of Employment and Training for the approval of the Unemployment Insurance State Identified Prevention Strategy Upgrade project, which allows the detection of claimants who are earning unreported wages more quickly and the automation of investigation processes. The project appropriation was \$990,000 and was 100 percent federally funded.

Senator Carroll made a motion to approve the capital project. The motion was seconded by Senator Leeper and approved by roll call vote.

The second item presented was a request for an unbudgeted capital information technology project from the Office of Employment and Training, for the approval of the Unemployment Insurance Systems Improvements project. The project appropriation was \$750,000 and was 100 percent federally funded.

Senator Carroll made a motion to approve the capital project. The motion was seconded by Representative Rudy and approved by roll call vote.

The third item presented was a request from the Kentucky Department of Veterans' Affairs (KDVA) for a \$43,900 (6.6 percent) scope increase for the HVAC Humidity project at the Eastern Kentucky Veterans' Center. The scope increase was needed because the makeup air units required service platforms to safely facilitate future maintenance and repairs and will be funded from KDVA restricted funds.

Senator Carroll made a motion to approve the scope increase. The motion was seconded by Representative Damron and approved by roll call vote.

The fourth item presented was an emergency repair, maintenance, or replacement project from the Kentucky State Fair Board for the Kentucky Fair and Exposition Center – Hail Damage project. On April 28, 2012, the Kentucky Fair and Exposition Center experienced severe damage as a result of a hailstorm. The intensity of the hail resulted in facility-wide HVAC equipment damage and extensive damage to rooftop mechanical unit coils, sides of buildings, lighting, metal fascia, and signage. The \$2,360,000 project will be funded from insurance proceeds through the Fire and Tornado Fund. No action was required.

Kentucky Infrastructure Authority (KIA) Loans

Mr. John Covington, Executive Director, KIA, presented one loan assumption and two new loan requests. The first request was for a Fund F loan assumption for the Adair County Water District, doing business as Columbia/Adair Utilities District, to assume \$5,382,822 in outstanding Fund F loan debt in anticipation of the merger of the commission's assets into the district. The assumption involved two separate Fund F loans, F06-01 (\$3,688,822) and F10-02

(\$1,694,000). No action was required.

The second request was for a Fund F loan for the City of Carrollton, for the benefit of Carrollton Utilities (CU) in Carroll County, for a \$963,931 loan for the Infrastructure Updates project. The project will focus on preventive measures and the replacement of obsolete equipment for CU and the Henry County, Carroll County, and West Carroll Water Districts. The loan will have a 30-year term, an interest rate of 0.75 percent, and a debt service payment of \$19,175.

In response to questions from Senator McDaniel, Mr. Covington said the project qualified for an additional subsidization (principle forgiveness) of \$481,966. As a hardship community, the median household income for the city was lower than the median household income for the state and qualified for the additional subsidization.

Senator Carroll made a motion to approve the new loan. The motion was seconded by Senator McDaniel and approved by roll call vote.

The third request was for a Fund F loan for Northern Kentucky Water District in Kenton County. The request was for a \$4,000,000 loan for the Campbell County Water Main Rehabilitation and Treatment Plant project, which will replace approximately 12,000 linear feet of six- to eight-inch lines with eight- to twelve-inch lines and approximately 5,700 linear feet of 24-inch water main with a 36-inch line for the Memorial Parkway Treatment Plant. The project also involves the replacement of the existing process equipment and the repair of concrete basins at the Fort Thomas Treatment Plant. The loan will have a 20-year term, an interest rate of 1.75 percent, and a debt service payment of \$247,902.

In response to a question from Representative Damron, Mr. Covington said the balance of the fund was committed to projects on the priority list. Representative Damron said Fund F loans should be reserved for entities that are less able to borrow in the open market.

In response to a question from Senator McDaniel, Mr. Covington said the rates are established annually. The 2.75 percent rate was for communities that do not qualify for additional subsidization; the 1.75 percent rate was for communities that the median household income range is below the statewide median, regional projects, or communities facing a consent decree or enforcement action; and the 0.75 percent rate was for hardship communities where the median household income is below a benchmark level.

Senator Leeper made a motion to approve the new loan. The motion was seconded by Senator Carroll and approved by roll call vote.

Reports from the Office of Financial Management (OFM)

Mr. Ryan Barrow, Executive Director, OFM, presented two follow-up reports on previously approved bond issues. The first report was on the Kentucky Economic Development Finance Authority (KEDFA) Revenue Bonds (Catholic Health Initiatives), Series 2013A, which refinanced certain outstanding taxable commercial paper

that was used for interim financing. The par amount of the bonds was \$78,535,000 with a 32-year term. It was a negotiated transaction and a general obligation of Catholic Health Initiatives. No action was required.

The second report was on the Kentucky Higher Education Student Loan Corporation Student Loan Asset-Backed Notes, Series 2013-2, which was issued to payoff obligations that originated under the Federal Family Education Loan Program (FFEL), to acquire other student loans during the acquisition period, and to pay costs of issuance. The par amount of the bonds was \$384,000,000 with an interest cost of one-month LIBOR plus 1.60 percent. No action was required.

New School Bond Issues with School Facilities Construction Commission (SFCC) Debt Service Participation

Mr. Barrow reported four school bond issues with SFCC debt service participation with a total par amount of \$4,618,000. The state portion of the annual debt service payment was \$203,825 and the local contribution was \$97,218. The bond issues did not involve tax increases.

Representative Rudy made a motion to approve the bond issues. The motion was seconded by Senator Carroll and approved by roll call vote.

With there being no further business, the meeting adjourned at 1:29 p.m.

Administrative Regulation Review Subcommittee

Minutes of the November Meeting
November 12, 2013

Call to Order and Roll Call

The November meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, November 12, 2013, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Johnny Bell, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Johnny Bell, Co-Chair; Senators Perry B. Clark, and Sara Beth Gregory; Representatives Robert R. Damron, Jimmie Lee, and Tommy Turner.

Guests: Jacqueline Korengel, Travis Powell, Rae Smith, Reece Stagnolia, Council on Postsecondary Education; Maryellen Allen, State Board of Elections; Sharron Burton, Department of Insurance; Jonathan Buckley, Kentucky State Board of Licensure for Professional Engineers and Land Surveyors; Brian Clark, Benji Kinman, Kentucky Department of Fish and Wildlife Resources; Ellen Benzing, Kentucky State Fair Board; Amy Barker, Department of Corrections; Carlos Cassady, Trevor L. Earl, Motor Vehicle Commission; Kevin Brown, Johnny Collett, Kay Kennedy, Karen Kidwell, David Wickersham, Department of Education; Kerri Schelling, Kentucky School Boards Association; Trey Hieneman, Frederick Hidgon, Steve Humphress, Department of Alcohol Beverage Control; Jeff Derouen, Gerald Wuetcher, Ann Ramser, Public Service Commission; Carrie Banahan, Stephanie Brammer-Barnes, Kevin Mudd, Stuart

Owen, Connie Payne, Tabitha Burkhart-Wilson, Elizabeth Fiehler, Phyllis Sosa, Cabinet for Health and Family Services; and Jason Nemes.

LRC Staff: Donna Little, Emily Caudill, Sarah Amburgey, Carrie Klaber, Emily Harkenrider, Karen Howard, Laura Napier, and Betsy Cupp.

The Administrative Regulation Review Subcommittee met on Tuesday, November 12, 2013, and submits this report:

Administrative Regulations
Reviewed by the Subcommittee:

COUNCIL ON POSTSECONDARY EDUCATION: Adult Education and Literacy

13 KAR 3:010. GED® Testing Program. Jacqueline Korengel, director of statistic initiatives; Travis Powell, general counsel; and Rae Smith, associate of GED services, represented the council.

In response to questions by Co-Chair Harris, Mr. Powell stated that the new GED® examination fee was \$120, rather than the previous sixty (60) dollar fee. The new GED® examination was computer based, and the paper examination would no longer be offered. The GED® examination fee was established by the Pearson GED® testing company and financed research and development for future versions of the examination. Other states added a state premium to the \$120 GED® examination fee, but Kentucky opted not to add any additional cost. Ms. Korengel stated that, in comparison with other professional examinations, the GED® fee was less than average and the test itself was longer than average; therefore, the fee was reasonable. Mr. Powell stated that financial and other benefits to GED® certificate recipients far outweighed the fee.

In response to questions by Representative Lee, Ms. Korengel stated that the new fee was required once the new examination was offered. There were no provisions for participants who had paid the sixty (60) dollar fee for the previous examination but were still in the process of striving for a certificate. Those participants would be required to pay the new \$120 fee independent of anything already paid toward certification. Pearson GED® established the new fee-related requirements. Mr. Powell stated that Pearson GED® was now a for-profit company. The examination program had been losing money, and some testing facilities were closing; therefore, the program was reorganized, and a new fee established. Pearson GED® had changed from a nonprofit to a for-profit company within the last year or two (2). The council's authorizing statutes required a "GED®" examination; therefore, the council was not authorized to use a test other than the Pearson GED® examination. Ms. Smith stated that a participant who had successfully passed parts of the paper GED® examination but was not yet certified would have to start the process over again under the new GED® examination. Mr. Powell stated that, under the new GED® examination, a participant could chose to take all or parts of the GED® examination in a single examination process. Under the previous program, the financial incentive was to take all parts of the examination in

a single examination process over a two (2) day period.

In response to questions by Representative Damron, Mr. Powell stated that the council determined who qualified for GED® certification. "GED®" was now a trademarked name by Pearson GED®. The council's authorizing statutes required the trademarked examination, but the council was open to the General Assembly amending those statutes to allow flexibility for other examination options. Vetting examination options would take time, and the council preferred to go forward with this administrative regulation, rather than deferring. There were organizations to assist program participants in paying for the GED® examination.

Representative Damron stated that legislators had not intended to delegate public policy to a for-profit company in the case of the GED® examination, and the changes were not foreseen when the authorizing statutes were enacted. The overall GED® certification expense was greater than the \$120 examination cost if taking into account adult education programs and related community programs. The cost still was small compared with the certification benefits; however, a for-profit company should not make public policy.

In response to questions by Co-Chair Harris, Ms. Smith stated that approximately 12,000 participants per year sought GED® certification. Mr. Powell stated that, even if the council's authorizing statutes were amended to provide more flexibility in examination options, it was possible that after vetting other examinations, the Pearson GED® may still be the most appropriate examination or even the least expensive. The council would not know until the other examinations were researched. Ms. Korengel stated that, because the new examination would be computer-based only, the council had spent funding resources to ensure that each examination facility was technologically equipped to provide that testing. Additionally, the new examination was based on the core curriculum standards established in Kentucky and other states.

In response to questions by Representative Lee, Ms. Smith stated that the Pearson GED® examination was nationally portable and recognized by other states.

Co-Chair Bell stated that the council should work diligently to address all concerns expressed by the Subcommittee.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 5 to comply with the drafting and formatting requirements of KRS Chapter 13A and for clarity. Without objection, and with agreement of the agency, the amendments were approved.

STATE BOARD OF ELECTIONS:
Forms and Procedures

31 KAR 4:070 & E. Recanvass procedures. Maryellen Allen, executive director, represented the board.

PERSONNEL CABINET: Office of the Secretary: Personnel Cabinet, Classified

101 KAR 2:210 & E. 2014 Plan Year Handbook for the Public Employee Health Insurance Program. Sharon Burton, general counsel, represented the cabinet.

GENERAL GOVERNMENT CABINET: Board of Licensure for Professional Engineers and Land Surveyors: Board

201 KAR 18:020. Application forms. Jonathan Buckley, general counsel, represented the board.

In response to a question by Co-Chair Bell, Mr. Buckley stated that this administrative regulation was amended to revise the forms incorporated by reference. Additional information and clarification were required to ensure that the board has the correct, most up-to-date address for each licensee and to investigate disciplinary matters from other jurisdictions, if applicable. For example, under the previous version of this administrative regulation, the board inadvertently licensed someone who was in the process of being convicted for murder.

A motion was made and seconded to approve the following amendments: (1) to amend the agency name; the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs; and Sections 1 and 2 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend the material incorporated by reference to comply with the drafting requirements of KRS Chapter 13A and for consistency with the requirements for licensees in KRS Chapter 322. Without objection, and with agreement of the agency, the amendments were approved.

TOURISM, ARTS AND HERITAGE CABINET: Department of Fish and Wildlife Resources: Fish

301 KAR 1:130. Live bait for personal use. Brian Clark, assistant director of public affairs; Benji Kinman, deputy commissioner; and Karen Waldrop, director of wildlife, represented the department.

A motion was made and seconded to approve the following amendments: to amend Section 2 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Hunting and Fishing

301 KAR 3:022. License, tag and permit fees.

In response to questions by Representative Damron, Mr. Kinman stated that these fee increases were anticipated to produce revenue of approximately \$2,500,000. Representative Damron stated that it was unusual for the department to expect such large fee increases while other agencies were cutting budgets because of the economic recession and while the department was experiencing investigation of issues related to financial oversight. Mr. Kinman stated that the revenue was needed to pay for increased fleet costs, technology costs, training stipends, and health insurance rates. Fees had not been increased since 2007. Over three (3) million dollars was needed for the agency to break even.

In response to questions by Co-

Chair Bell, Mr. Kinman stated that the department had conducted a survey that demonstrated that the department needed to lower the amount of the proposed fee increase. Otherwise, there may be a loss of revenue if sportsmen chose not to purchase the permits based on cost. Ms. Waldrop stated that overall the nonresident deer permit fee was still being increased. The agency amendment made an incremental decrease in the originally proposed fee increase, which increased the fee from sixty (60) dollars to \$120, instead of \$160.

In response to questions by Senator Gregory, Mr. Kinman stated that a federal rule change was being proposed that would establish a threshold fee. That federal rule change proposal was currently in committee. The department anticipated the number of senior hunting and fishing permits purchased to increase by approximately four (4) percent because more baby boomers were reaching the age to qualify.

In response to a question by Representative Turner, Mr. Kinman stated that the outside consultant cost to review the impact of the nonresident deer permit fee was \$27,000. Overall, outside consultant fees, not including university consultants, was under \$100,000.

Representative Damron stated that he wanted this administrative regulation to be deferred until there was a resolution of the federal rule change proposal. He stated that he would not support raising fees for seniors, disabled persons, or disabled veterans, especially until the investigation into the department's financial irregularities was resolved. Ms. Waldrop apologized if she had confused Subcommittee members regarding the federal rule change proposal. She stated that she did not intend to create an impression that the rule change was already effective. Mr. Kinman stated that the nine (9) member commission did not authorize him to agree to defer consideration of this administrative regulation.

Representative Turner stated that the department showed a lack of respect in its failure to agree to deferral of this administrative regulation.

Mr. Kinman stated that the department would agree to reinstate the five (5) dollar fee for a senior or disabled combination hunting and fishing license. The Subcommittee agreed to that fee reduction.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 through 4 and 6 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 1 to reduce the: (a) nonresident deer permit fee from \$160 to \$120; and (b) resident senior and disabled combination hunting and fishing license from eleven (11) dollars to five (5) dollars. Without objection, and with agreement of the agency, the amendments were approved.

Wildlife

301 KAR 4:095. Buying and selling mounted wildlife specimens.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a citation; and (2) to amend the NECESSITY, FUNCTION, AND

CONFORMITY paragraph and Section 2 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

State Fair Board: Fairgrounds and Exhibition Center

303 KAR 1:042. Repeal of 303 KAR 1:041. Ellen Benzinger, policy analyst, represented the board.

In response to questions by Representative Lee, Ms. Benzinger stated that the provisions established in this administrative regulation were from a 1978 policy. The board was in the process of developing new requirements, which requirements were still in draft form. The new administrative regulation may be ready for filing in approximately six (6) months.

JUSTICE AND PUBLIC SAFETY CABINET: Department of Corrections: Office of the Secretary

501 KAR 6:050. Luther Luckett Correctional Complex. Amy Barber, assistant general counsel, represented the department.

A motion was made and seconded to approve the following amendments: to amend Section 1 and LLCC 13-02-05 to align the institution's payment policy for medical services with the department's policy, CPP 13.2, incorporated by reference in 501 KAR 6:020. Without objection, and with agreement of the agency, the amendments were approved.

TRANSPORTATION CABINET: Motor Vehicle Commission: Commission

605 KAR 1:050. Dealer and salesman. Carlos Cassady, executive director, and Trevor Earl, counsel, represented the commission.

Co-Chair Bell thanked the commission for these administrative regulations and stated that transportation was a key to economic improvement.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 2, 4, 5, and 6 to comply with the drafting requirements of KRS Chapter 13A; and (2) to add Section 7 to incorporate by reference the application form. Without objection, and with agreement of the agency, the amendments were approved.

605 KAR 1:070. Change of ownership.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 3, 4, and 5 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to add Section 6 to incorporate by reference the application form. Without objection, and with agreement of the agency, the amendments were approved.

605 KAR 1:090. Business names.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (2) to amend Sections 1 and 2 to comply with

the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

605 KAR 1:130. Procedures.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (2) to amend Sections 1 through 9, and 11 through 15 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

605 KAR 1:190. Motor vehicle advertising.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (2) to amend Sections 1 through 16 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

605 KAR 1:210. Nonprofit motor vehicle dealer requirements and licensing.

Representative Lee thanked the commission for working with nonprofit organizations to assist the disadvantaged.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE; the NECESSITY, FUNCTION, AND CONFORMITY paragraph; and Sections 1 through 3 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend the RELATES TO paragraph to add a statutory citation. Without objection, and with agreement of the agency, the amendments were approved.

EDUCATION AND WORKFORCE DEVELOPMENT: Kentucky Board of Education: Department of Education: General Administration

702 KAR 1:115. Annual in-service training of district board members. Kevin Brown, associate commissioner and general counsel; Karen Kidwell, director of program standards; and David Wickersham, attorney, represented the department.

Office of Instruction

704 KAR 3:035. Annual professional development plan.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 5 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

704 KAR 3:390. Extended school services.

In response to questions by Co-Chair Bell, Mr. Brown stated that this administrative regulation would not negatively impact schools. The new formula could make funding go up

or down, but overall the total amount would remain the same as the previous formula. A slight increase was anticipated because the prior formula used old score assessments and old dropout standards.

In response to a question by Co-Chair Harris, Mr. Brown stated that new dropout and graduation rates precipitated the formula change.

In response to a question by Senator Clark, Mr. Brown stated that the department would follow up with data regarding average daily attendance.

Co-Chair Bell stated that he did not want a school system to lose extended services, especially because no one seemed to be able to anticipate the impact of this administrative regulation. Mr. Brown stated that the department did not receive public comments during the public comment period. Some support was expressed, but there was no negative feedback received.

A motion was made and seconded to approve the following amendments: (1) to amend Section 4 to clarify what constitutes a "true emergency"; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 2, and 4 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET: Department of Alcoholic Beverage Control: Advertising Distilled Spirits and Wine

804 KAR 1:100. General advertising practices. Trey Hieneman, legislative liaison; Frederick Higdon, commissioner; and Steve Humphress, general counsel, represented the department. Jason Nemes, attorney, represented license holders in Somerset to request revisions to 804 KAR 9:040.

In response to a question by Representative Damron, Mr. Hieneman stated that this administrative regulation had been silent regarding the issue of advertising through social media, and the purpose of the revision was to clarify that advertising through social media was not prohibited.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph and Section 2 to add additional relevant citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 2, 3, 4, 5, 8, 9, and 10 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Quotas

804 KAR 9:040. Quota retail package licenses.

Mr. Nemes stated that he represented three license holders in Somerset. The administrative regulation process had worked successfully pertaining to this administrative regulation. He generally supported this administrative regulation; however, his clients still requested two (2) revisions. Rather than automatically assigning a city more than one (1) license in order to avoid a monopoly, in addition

to population, the department should consider nearness to other cities with licenses. Also, Mr. Nemes requested an amendment to require evidence of ability or inability to serve the area in order to support a change in licensure.

Representative Turner stated that the sorts of problems encountered in Somerset were an example of the problems associated with reclassification of licenses.

In response to the comments by Mr. Nemes, Mr. Hieneman stated that the new administrative regulation based licenses on population solely because the department believed to do so would reflect the intention of the voting citizens.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 2, 3, 5, and 6 to: (1) clarify this administrative regulation's applicability to cities that have already been given quotas; (2) specify the standard to determine if a city will receive an increased quota; (3) clarify procedures for quota vacancies and reductions; (4) reorganize provisions; and (5) comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

ENERGY AND ENVIRONMENT CABINET: Public Service Commission: Utilities

807 KAR 5:001. Rules of procedure. Jeff Derouen, executive director; Gerald Wuetcher, attorney; and Ann Ramser, attorney, represented the commission.

In response to a question by Representative Damron, Mr. Wuetcher stated that the provision for free filing for small utilities was not changed.

A motion was made and seconded to approve the following amendment: to amend Section 8 to clarify that the format for information provided in an electronic spreadsheet shall be Excel. Without objection, and with agreement of the agency, the amendment was approved.

807 KAR 5:069. Filing requirements and procedures for federally funded construction project of a water association, a water district, or a combined water, gas, or sewer district.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 2 and 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

807 KAR 5:076. Alternative rate adjustment procedure for small utilities.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of the Kentucky Health Benefit Exchange: Exchange

900 KAR 10:030 & E. Kentucky Health Benefit Exchange eligibility and enrollment in a qualified health plan. Carrie Banahan, executive director, represented the cabinet.

Co-Chair Harris stated that he did not believe that the cabinet had statutory authority for this administrative regulation and requested that the cabinet defer. In response, Ms. Banahan stated that the

cabinet believed it did have statutory authority for this administrative regulation and declined to defer.

A motion was made and seconded to find this administrative regulation deficient. With Co-Chair Harris, Senator Gregory, and Representative Turner voting for a finding of deficiency and Senator Clark and Representatives Damron and Lee voting not to find this administrative regulation deficient, the motion was not approved.

Representative Damron explained his vote. He stated that this administrative regulation established the federal requirements for the exchange. Without these requirements, some otherwise ineligible applicants may qualify for taxpayer provided subsidies.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 2, 4, 6, 7, 8, 9, 11, 13, and 14 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Office of the Inspector General: Division of Health Care: Health Services and Facilities

902 KAR 20:027. Repeal of 902 KAR 20:021 and 902 KAR 20:026. Stephanie Brammer-Barnes, internal policy analyst, and Connie Payne, acting inspector general, represented the cabinet.

Department for Medicaid Services: Division of Administration and Financial Management: Medicaid Services

907 KAR 1:563. Medicaid covered services appeals and hearings unrelated to managed care. Stuart Owen, regulation coordinator, represented the cabinet.

In response to questions by Representative Damron, Mr. Owen stated that 907 KAR 17:010 was already in effect. The appeal process was essentially the same as the process for private-pay insurance participants, except that the managed care organization's internal appeals process had to be exhausted before exercising the processes in this administrative regulation. That exception was intended to prevent two (2) appeals being processed simultaneously in two (2) different systems. Both appeal procedures have time requirements to prevent overly burdensome treatment delays.

In response to a question by Representative Lee, Mr. Owen stated that the administrative regulation's language regarding continuation of services during an appeal was taken directly from the federal requirements. The cabinet had worked with the Department of Protection and Advocacy to respond to the issue of the language for continuation of services during an appeal and determined that using the federal language directly was prudent.

In response to questions by Representative Damron, Mr. Owen stated that Medicaid contracted with a company to address issues pertaining to denials of service. This administrative regulation complied with federal requirements regarding appeals pertaining to denials of service.

Representative Damron stated that the cabinet did not seem to provide

adequate independent review of appeals pertaining to denials of service. Because the cabinet was so closely related to the managed care organizations, the appropriate level of independence was absent. It was important that decisions regarding appeals pertaining to denials of service be based on medical, not financial, factors.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to add definitions of "administrative hearing", "hearing officer", and "party"; (2) to amend Sections 1, 2, and 4 through 17 to: (a) clarify that references to a hearing means an administrative hearing; and (b) comply with the drafting and formatting requirements of KRS Chapter 13A; (3) to amend Section 5 to specify what actions qualify for continuation of services in accordance with the established procedures; (4) to amend Section 6 to specify that an administrative hearing shall be conducted within thirty (30) days of the date of the request for an administrative hearing unless otherwise authorized by the hearing officer; (5) to amend Sections 7, 9, 10, 11, and 12 to align the administrative hearing procedures to those established in KRS Chapter 13B; and (6) to amend Section 13 to establish the maximum fee an attorney is authorized to charge an applicant or recipient for representation regarding Medicaid before the Supreme Court of Kentucky. Without objection, and with agreement of the agency, the amendments were approved.

Department for Behavioral Health, Developmental and Intellectual Disabilities: Division of Administration and Financial Management: Institutional Care

908 KAR 3:050. Per diem rates. Kevin Mudd, counsel, and Tabitha Burkhart – Wilson, psychology program administrator, represented the cabinet.

In response to a question by Co-Chair Harris, Mr. Mudd stated that all costs were raised, except at Oakwood, which had decreased costs.

908 KAR 3:060. "Means test" for determining patient liability.

A motion was made and seconded to approve the following amendments: (1) to amend Section 6 to specify provisions; and (2) to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 4 and 6 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department for Aging and Independent Living: Division of Quality Living: Aging Services

910 KAR 1:190. Nutrition program for older persons. Elizabeth Fiehler, dietician, and Phyllis Sosa, staff assistant, represented the cabinet.

In response to a question by Representative Lee, Ms. Fiehler stated that this administrative regulation removed the requirement for a minimum of five (5) dissimilar components as long as meals still met nutritional standards. Under the previous requirements, meeting the requirement often made meals less

appetizing just to fill each slot in a tray.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to add citations; (2) to amend Section 10 to specify provisions; and (3) to amend Sections 1, 3, 4, 6, 10, and 15 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

The following administrative regulations were deferred to the December 10, 2013, meeting of the Subcommittee:

FINANCE AND ADMINISTRATION CABINET: Kentucky Retirement Systems: General Rules

105 KAR 1:140 & E. Employer's administrative duties.

ENERGY AND ENVIRONMENT CABINET: Department for Environmental Protection: Division of Water: Water Quality Standards

401 KAR 10:030. Antidegradation policy implementation methodology.

JUSTICE AND PUBLIC SAFETY CABINET: Department of Corrections: Office of the Secretary

501 KAR 6:020 & E. Corrections policies and procedures.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Health Policy: State Health Plan

900 KAR 5:020 & E. State Health Plan for facilities and services.

The Subcommittee adjourned at 3:35 p.m. until December 10, 2013 at 1 p.m.

Education Assessment and Accountability Review Subcommittee

Minutes of the Meeting

November 18, 2013

Call to Order and Roll Call

The meeting of the Education Assessment and Accountability Review Subcommittee was held on Monday, November 18, 2013, at 1:00 PM, in Room 129 of the Capitol Annex. Senator Mike Wilson, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative Rita Smart, Co-Chair; Senators David P. Givens, and Gerald A. Neal; Representatives Tim Couch, Joni L. Jenkins, and Mary Lou Marzian.

Guests: Marty White, Kentucky Association of School Superintendents, Erin Klarer, Kentucky Higher Education Assistance Authority, Carrie Bearden, Kentucky Council for Exceptional Children, Clyde Caudill, Kentucky Association of School Administrators and Jefferson County Public Schools, and Wayne Young, Kentucky Association of School Administrators.

LRC Staff: Kenneth Warlick, Ben Boggs, and Daniel Clark.

Approval of Minutes, October 21, 2013 Meeting

Representative Tim Couch moved to approve the minutes, and Representative Mary Lou Marzian seconded the motion.

The minutes were approved by voice vote.

Office of Education Accountability's Proposed 2014 Research Agenda

Emily Spurlock, Division Manager, Office of Education Accountability (OEA), said pursuant to KRS 7.410, the Education Assessment and Accountability Review Subcommittee (EAARS) shall adopt an annual research agenda for OEA. The annual agenda may include studies, research, and investigations considered significant by EAARS. OEA will first complete the annual district data profiles publication in addition to three study topics.

The first study topic is an Atlas of Education Data, which is a reference tool for statewide thematic maps of education data as well as contextual data, such as demographics, for all Kentucky school districts. The second study topic is a ten year study on education revenue, spending, and staffing trends. This report will look at the past ten years of education data and examine changes that have occurred in that time period. Topics will include changes in revenues, enrollment, spending, and staffing variations. The revenue trends will be broken down by federal, state, and local sources. The third study topic will be the college and career ready measure. In recent years, the Kentucky Department of Education (KDE) has included in the accountability model a measure of whether a student is ready for college and a career. Some school districts are implementing policies that require students to be deemed college or career ready before they are eligible to graduate. This report will explore the types of measures included and the characteristics of each one, how the components are weighted, and how the measures vary between districts and district results over the last three years.

In response to Senator David Givens' question regarding communications between OEA and the Auditor's Office, Marcia Seiler, Acting Director, Legislative Research Commission, said OEA has been in touch with the Auditor's Office through the years regarding different projects OEA has worked on and the reports OEA sends to the Auditor.

In response to Senator Gerald Neal's question regarding study agenda topics and concerns discussed with OEA at the September 12, 2013 meeting, Ms. Seiler said OEA responded to his concerns with an email that provided data points from a prior study. He indicated that he would like these data points included in 2014 and future studies.

Representative Rita Smart said it would be helpful if OEA's investigative reports included columns and dates so legislators could track the cases by date.

Approval of OEA's 2014 Study Agenda

Senator David Givens moved to approve the 2014 study agenda, and Representative Rita Smart seconded the motion. The 2014 study agenda was approved by voice vote.

2012-2013 Unbridled Learning Assessment and Accountability Results

Ken Draut, Associate Commissioner, Office of Assessment and Accountability, KDE, said KDE recently completed the

second year of testing. In grades three through eight over 300,000 students were tested and over 180,000 students were tested in the end of course high school testing program.

Mr. Draut said that, after the last two years, reading scores in high school and middle school went up and the elementary scores went slightly down. The mathematics scores went up in elementary and middle school and high school scores dropped. The testing scores for science went up for high school and elementary and middle school scores dropped. Social Studies scores went up in high schools and middle schools and dropped in elementary schools. On the writing on-demand and language mechanics part of the test, scores went up in elementary, middle, and high school.

In response to Chairman Mike Wilson's question regarding why test scores have went down for high school mathematics, Mr. Draut said each new class of students tests differently. KDE would like to see three to four years of testing to establish meaningful trend lines.

Mr. Draut said the number of elementary students at the novice level decreased in reading, mathematics, social studies, and language mechanics and increased in science and writing on-demand. At the middle school and high school level there was a decrease in every content area at the novice level.

In response to Senator David Givens' question regarding high school students moving from proficient to apprentice levels, Mr. Draut reiterated the need for four years of data to establish a trend.

Mr. Draut explained that there are two parts to KDE's GAP data. KDE takes a non-duplicated group of students who are traditionally underperforming and put them into a single group, KDE then tracks the GAP scores over time to see if there is an increase in performance. At the elementary and middle school level, there was an increase in every content area for non-duplicated GAP group students scoring proficient and distinguished. At the high school level there was an increase in every content area except mathematics.

Mr. Draut said another component of the accountability system is growth and student growth percentiles. KDE takes a students' beginning test score from 2012 and tracks the student through the 2013 school year to see how the student did. KDE uses the student growth percentile model that is used by 25 other states. This model compares how a student does compared to academic peers. Another accountability category is the graduation rate. KDE uses an adjusted cohort rate which follows a student from freshman year through graduation. Every state uses this rate, and Kentucky was the last state to start it. Kentucky's graduation rate is 86.1 percent which puts the state in the top 20 states in the country in regard to graduation rates.

In response to Chairman Wilson's question regarding the size of the adjusted cohort rate, Mr. Draut said KDE generally estimates a class of 50,000 students in the ninth grade and follows them through graduation.

Mr. Draut said another component

for accountability tracking is the college and career readiness rate. The college readiness rate is based on ACT scores and how many students met the ACT benchmark. The Council on Postsecondary Education (CPE) has set the benchmark for ACT scores. If the CPE benchmark is met, there is an agreement from every public university in Kentucky that the student is ready to enroll in credit bearing courses. The career readiness rate focuses on technical readiness and academic readiness. ACT provides a WorkKeys test that business and industries use and the Armed Services Vocational Aptitude Battery test that the military uses. Also, a student has to be able to show technical skills by taking a skills test in a selected career area. Over the past two years, the number of college and career ready students has gone up 7 percentage points.

In response to Representative Rita Smart's question regarding a standardized method of obtaining test information from high schools, Mr. Draut said his office has staff that ensures that all assessments and students are accounted for. The tests are administered in late April and early May and KDE sends the test results back to the schools by the beginning of August.

Kelly Foster, Associate Commissioner, Office of Next Generation Schools and Districts, said priority schools in Kentucky are categorized by cohorts. Cohort 1 schools are persistently low-achieving (PLA) schools that are the lowest five percent or Title 1 eligible schools that failed to make their adequate yearly progress goal or had a graduation rate of 60 percent or less for three consecutive years. The first cohort of PLA schools was identified in 2010-11. Cohort two schools in 2011-12, are schools KDE identified in the next five percent of lowest performing schools in the state now called Priority Schools as a part of its USED flexibility waiver. The second cohort consisted of 12 Priority Schools. In 2012-13, the third cohort of 19 priority schools was identified. With the closure of one Priority School and the exiting of another this past school year, 39 priority schools exist in Kentucky for the 2013-14 school year.

Dr. Foster said there was a lot of improvement in the 2012-13 test scores and out of the original 41 schools that were previously identified in the bottom five percent, six schools scored in the distinguished category, seven schools scored in the proficient category, and 19 schools were categorized as progressing in addition to their classification as distinguished, proficient, or needs improvement. Also, 11 of the 41 schools had overall scores above the state average; 36 of the 41 schools met their annual measurable objective; 21 of the 41 schools achieved their college and career ready targets; and four schools made the rewards category of high progress, which requires a school to be in the top 10 percent of improvement in all schools.

Dr. Foster said KDE has provided education recovery staff to work in each of the priority schools. The education recovery staff consists of an education recovery leader who mentors the principal in the school turnaround and two education

recovery specialists for literacy and math. KDE would like to continue the priority school work and state funds from different sources have been used to support the education recovery staff. However, no state funds are currently appropriated to support this program for the future. Dr. Foster said in order to continue the transformative work with Kentucky's lowest-performing schools, the Kentucky Board of Education approved for KDE to request \$3.4 million for fiscal year 2015 and \$4.77 million for fiscal year 2016.

In response to Chairman Mike Wilson's question regarding factors that make priority schools different and require additional funding, Dr. Foster said the main factor is the leadership and staff of the school.

In response to Senator David Givens' questions regarding the 39 priority schools being in the bottom five percent and funding for education recovery staff, Dr. Foster said those schools would not be in the bottom five percent today. Out of the 39 schools that were originally in the bottom five percent, only ten are left. Hiren Desai, Associate Commissioner, KDE, Office of Administration and Support, said PLA school money was terminated in fiscal year 2012 and KDE only had \$6 million left in the budget for the effort. A combination of funds was used to pay for the priority school work that came from KDE's leftover general fund dollars for school improvement and federal money.

In response Representative Tim Couch's question regarding major problems that were found at Leslie County High School, Dr. Foster said the typical things that are seen include schools' leadership not focused on meeting the individual student needs; and a data system for teachers that has them wait until the end of the school year to see how a student is performing. Teachers are able to assess and monitor progress of the student daily with the new data system.

In response to Senator Gerald Neal's questions regarding plans and best practices within priority schools and the population related to the issues of GAP, Dr. Foster said the education recovery staff provides the best practices and plans for the current staff so when the staff leaves, the work is still continued. Dr. Foster said KDE looks at the different GAP area of students in each school to determine where the gaps are.

In response to Senator David Givens' question regarding KDE's budget priorities chart, Mr. Desai said at one point the priorities were in a different order. The chart is now the consensus priority list from the Kentucky State Board of Education and the school districts.

In response to Chairman Mike Wilson's question regarding Site Based Decision Making Councils having the superintendent involved in hiring principals, Dr. Foster said it has been helpful to have the superintendent involved in hiring principals to ensure that the right person is leading the school.

Chairman Mike Wilson commended Franklin Simpson High School, the principal, and the Career and Technical Education Center for the work they have been doing.

With no further business before the committee, the meeting adjourned at 2:20 p.m.

Education Assessment and Accountability Review Subcommittee

Minutes of the Meeting
December 10, 2013

Call to Order and Roll Call

The meeting of the Education Assessment and Accountability Review Subcommittee was held on Tuesday, December 10, 2013, at 1:00 PM, in Room 129 of the Capitol Annex. Representative Rita Smart, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative Rita Smart, Co-Chair; Senator Gerald A. Neal; Representatives Tim Couch, Joni L. Jenkins, and Mary Lou Marzian.

Legislative Guests: Representatives Derrick Graham and James Kay.

Guests: Marty White, Kentucky Association of School Superintendents and Clyde Caudill, Kentucky Association of School Administrators and Jefferson County Public Schools.

LRC Staff: Janet Stevens, Ben Boggs, and Lisa Moore.

Approval of the Minutes, November 18, 2013, Meeting

Representative Marzian moved to approve the minutes, and Representative Jenkins seconded the motion. The minutes were approved by voice vote.

Office of Education Accountability Study Report: *Test Familiarity and Performance: Comparing Scores on Kentucky Core Content Tests and Unfamiliar Tests*

Deborah Nelson, Research Analyst, Office of Education Accountability (OEA), said state test scores are often assumed to reflect student mastery of state curriculum standards in tested subjects. However, state tests assess some standards only partially and other standards not at all. Untested aspects of standards, such as the ability to read accurately and expressively, or the ability to write a research report, are important to ensure mastery and prepare students for future education and adult life. The gap between what can be tested and what should be learned raises questions about the valid interpretation and use of test scores.

Dr. Nelson said that, when state tests are used to hold schools accountable and become familiar over time, educators may focus more on frequently tested content and less on content that is seldom or less tested. In such a situation, gains observed on state tests may differ from actual gains in student mastery of content standards. If the teaching of tested versus untested content varies among schools, the comparability of test data can be reduced.

Test scores and site visit data were used to examine questions about the interpretation and use of state test scores. The OEA study compared schools' reading and mathematics scores on the Kentucky Core Content Test (KCCT) to schools' scores on unfamiliar reading

and mathematics tests. The KCCT was the primary measure used to hold schools accountable for students learning from 1999 to 2011. Kentucky's students' reading and mathematics KCCT scores were also compared to changes in their reading and mathematics scores on the National Assessment of Educational Progress (NAEP).

Dr. Nelson said comparisons of KCCT results with other standardized test results did not reveal serious overall concerns about the interpretation of KCCT reading and mathematics scores. Rank changes of Kentucky elementary and middle schools were similar, whether from KCCT from one year to the next or from the KCCT to an unfamiliar test; about half of schools stayed within 10 percentile points of their original rank, and most of the rest stayed within 30 percentile points. Changes in the KCCT and NEAP scores did not differ dramatically. Between 2007 and 2011, Kentucky students actually made greater gains on the unfamiliar NAEP reading tests than on the KCCT reading tests.

Dr. Nelson said that, relative to their peers, students in some schools performed worse on unfamiliar tests than on the KCCT. The percentage of schools that dropped by more than 30 percentile points doubled when students took unfamiliar tests, amounting to seven percent or more of all schools. Higher-poverty schools were more likely than other schools to lose rank when students took unfamiliar tests, especially higher-poverty schools that were high performing on the KCCT. Between 2007 and 2011, students' gains on the eighth grade KCCT mathematics test were more than two-and-one-half times as great as their gains on the NAEP eighth grade mathematics test.

Dr. Nelson said site visit data collected in eight elementary schools suggest that, while local assessment of students on state-tested content and in state-tested formats is common, local assessment varies for content not assessed on state tests. Because current efforts at improving education focus largely on the use of data, it is important that data reflect the state's curriculum standards. If the data used to make instructional decisions are taken primarily from tests in state test formats, untested aspects of state standards may be overlooked.

Dr. Nelson said site visit data also provided preliminary evidence of another pattern: high state test scores of schools that focus heavily on tested content and formats may not always be entirely reflected on unfamiliar tests of similar content. Practices in higher-performing schools are often adopted by other schools. It is important that these practices be shown to improve student learning of all state standards and not just those that are tested.

Dr. Nelson said the study made three recommendations, which can be located in the study report provided in the meeting folder located Legislative Research Commission LRC library.

Responding to a question from Senator Neal regarding inconsistent test scores among minority students, Dr. Nelson said changes in standard

scores associated with the percentage of students in a school who were minorities did not follow consistent patterns. The standard scores of schools with the highest percentages of students who were minorities increased, on average, on the Kentucky Performance Rating for Educational Progress (K-PREP) reading and mathematics tests and did not change substantially from the KCCT to the Iowa Test of Basic Skills (ITBS) mathematics tests. However, the drop in standard scores from the KCCT reading test in 2010 to the ITBS reading test was substantial in schools with high percentages of students who were minorities. She concluded that standard scores of schools serving high percentages of minority students dropped substantially when students took an unfamiliar reading test comprised of multiple choice questions only.

Responding to Senator Neal regarding the foundational skills of struggling students, Dr. Nelson said different schools prepare their students in very different manners. Some schools spend time preparing struggling students to answer questions on statewide assessments, while others teach content that they feel the student will understand and carry over to the next grade level. She said these are two very different approaches, but this particular OEA study did not collect enough data to contrast the two. It can raise a concern that one approach was more successful at raising KCCT scores, but the other approach was more successful when students took an unfamiliar test.

Responding to Representative Kay regarding examples of unfamiliar tests, Dr. Nelson said the unfamiliar tests used for the study were the K-PREP, ITBS, and NAEP tests. "Unfamiliar test" means that students and teachers have not seen the assessment, and teachers cannot teach to the questions.

Responding to Representative Kay's question about students taking too many assessments, Dr. Nelson said this topic has been popular in the media but was not an issue for this study.

Senator Wilson moved to accept the OEA study report and Representative Marzian seconded the motion. The report was accepted by voice vote.

Representative Smart reminded members that the Kentucky Department of Education's (KDE) response to the study is in members' folders. Dr. Nelson said most schools had indicated that instruction time was reduced for science and social studies, as compared to the assessed subjects of reading and mathematics.

With no further business before the committee, the meeting adjourned at 11:10 AM.

Government Contract Review Committee Committee Minutes
November 12, 2013

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, November 12, 2013, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Sara Beth Gregory, Chair, called the meeting to

order, and the secretary called the roll.

Present were:

Members: Senator Sara Beth Gregory, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Julian M. Carroll, Paul Hornback, and Christian McDaniel; and Representative Brent Yonts.

Guests: Diana Barber, David Carlsen, Marcia Seiler, Laura Hendrix, Carrie Banahan, Tammy Bullock, Boday Borres, Mike Vaughn, Peggy Stratton, Michael Williams, Mike Mangeot, Alan Attaway, David Martin, Kevin Mudd, Kathy Burke, Paul Royce, Rebecca Gillis, Blaine Ferrell, John Steffen, Hiren Desai, Rhonda Caldwell, Donna Tackett, Brigitte Stacy, Charlie Harman, and Todd Baldwin.

LRC Staff: Kim Eisner, Charles Booker, and Becky Brooker.

Amotion was made by Representative Yonts to approve Minutes of the October 2013 meeting of the committee. Senator Carroll seconded the motion, which passed without objection.

Amotion was made by Representative Yonts to consider as reviewed, the Personal Service Contract List, with exception of those items selected for further review by members of the committee. Representative Horlander seconded the motion, which passed without objection.

Amotion was made by Representative Yonts to consider as reviewed, the Personal Service Contract Amendment List, with exception of those items selected for further review by members of the committee. Representative Horlander seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as reviewed, the Memoranda of Agreement List, with exception of those items selected for further review by members of the committee. Representative Horlander seconded the motion, which passed without objection.

Amotion was made by Representative Yonts to consider as reviewed, the Memoranda of Agreement Amendment List, with exception of those items selected for further review by members of the committee. Representative Horlander seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

BOARD OF PROFESSIONAL COUNSELORS:

Scanlan Associates, LLC, 1400000502.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Staff Easy, LLC, 1400000193.

DEPARTMENT FOR INCOME SUPPORT:

The Visions Group, LLC, 1200001966-1; John M. Reed, MD, 1400000505.

DEPARTMENT FOR PUBLIC HEALTH:

Labone of Ohio Incorporated, 1300002438.

EDUCATIONAL TELEVISION, KENTUCKY:
Danny Hildebrand, 1400000635.

ENVIRONMENTAL EDUCATION COUNCIL:
Bluegrass Greensource Incorporated, 1400000469.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:
Ross Tarrant Architects Incorporated, 1400000338; Staggs & Fisher Consulting Engineers Incorporated, 1400000570.

HISTORICAL SOCIETY, KENTUCKY:
Megan Sauter, 1400000340.

JUVENILE JUSTICE, DEPARTMENT OF:
Commonwealth Research Consulting Incorporated, 1400000407.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:
University Auxiliary & Research Services Corporation, 569.

MOREHEAD STATE UNIVERSITY:
Harris Search Associates, 14-022.

NORTHERN KENTUCKY UNIVERSITY:
Isaacson Miller Incorporated, 2014-649; Princeton One, 2014-650.

TRANSPORTATION CABINET:
Fox, Wood, Wood, & Estill, 1400000298; HDR Engineering Incorporated, 1400000511; Vaughn & Melton Consulting Engineers Incorporated, 1400000537; HMB Professional Engineers Incorporated, 1400000565; Stantec Consulting Services Incorporated, 1400000566; CDM Smith Incorporated, 1400000571; Palmer Engineering, 1400000572; HDR Engineering Incorporated, 1400000573; ICA Engineering Incorporated F/k/a Florence & Hutcheson Incorporated, 1400000584; Johnson Depp & Quisenberry, 1400000586.

UNIVERSITY OF KENTUCKY:
Carl Walker Incorporated, K14-130; Diversified Search, K14-131; Grant Cooper & Associates, K14-132; Grant Cooper & Associates, K14-133.

WESTERN KENTUCKY UNIVERSITY:
Encompass Digital Media Incorporated, 131427.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

CORRECTIONS, DEPARTMENT OF:
Mid America Health Incorporated, 1300002682.

CRIMINAL JUSTICE TRAINING, DEPARTMENT OF:
Commonwealth Research Consulting, Inc., 1300002189.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:
Theracare Alliance, 1200001102; Staff Easy, LLC, 1200001130; Guardian Healthcare Providers, 1200001687; The Chyron Group, LLC, 1200002442.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Child Care Council of Kentucky, 1200002082.

DEPARTMENT FOR INCOME SUPPORT:
The Visions Group, LLC, 1200001966.

DEPARTMENT FOR PUBLIC HEALTH:
Mayo Medical Laboratories, 1300000678; National Jewish Health, 1300001318; Matthew 25 Aids Services Incorporated, 1300001865.

DEPARTMENT OF INSURANCE:
Kathleen M. Bergan, 1200002862.

EDUCATIONAL TELEVISION, KENTUCKY:
Tighe Publishing Services Incorporated, 1300001695; By Design, 1300002824.

ENVIRONMENTAL EDUCATION COUNCIL:
Bluegrass Greensource Incorporated, 1300002876.

FAIR BOARD:
Scarlett W. Mattson, 1300001273; David H. Snowden, 1300001282.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:
Deleon & Primmer, 1100000434; Ross Tarrant Architects Incorporated, 1200000613; Ross Tarrant Architects Incorporated, 1200001550; K. Norman Berry Associates, 1300000110.

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION:
Deloitte & Touche, LLP, 13-009.

KENTUCKY LOTTERY CORPORATION:
PDT Communications, 14-10-027; TEK Systems, 14-11-040.

MOREHEAD STATE UNIVERSITY:
Stamats Incorporated 14-018.

NORTHERN KENTUCKY UNIVERSITY:
GBBN Architects, 2014-634.

TRANSPORTATION CABINET:
Palmer Engineering Company, 0700005385; ICA Engineering Incorporated f/k/a Florence & Hutcheson Incorporated, 1200000327; URS Corporation, 1200000356; Garver, LLC, 1200000465; HDR Engineering Incorporated, 1200000534; Stantec Consulting Services Incorporated, 1200001443; Stantec Consulting Services Incorporated, 1200001543; Stantec Consulting Services Incorporated, 1200001546; Stantec Consulting Services Incorporated, 1200001744; DLZ Kentucky Incorporated, 1200002750; Stantec Consulting Services Incorporated, 1200002977; Municipal Engineering Company, 1300000985; American Engineers Incorporated, 1300001393; Charles R. Hines, 1300001553; Lochner H W Incorporated Consulting, 1300001654; Palmer Engineering Company, C-01080271-3; Municipal Engineering Company, C-02410075-1; HMB Professional Engineers Incorporated, C-03027186-2.

UNIVERSITY OF KENTUCKY:
Omni Architects, A131080; Ross Tarrant Architects Incorporated, A131170.

UNIVERSITY OF LOUISVILLE:
Omni Architects, 11-123.

WESTERN KENTUCKY UNIVERSITY:
Ross Tarrant Architects, 121404; THP Limited Incorporated, 121436.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

AGRICULTURE, DEPARTMENT OF:
Multi, 1400000577.

DEPARTMENT FOR COMMUNITY BASED SERVICES:
Big Sandy Area Development District, 1400000470.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:
Jefferson County Board of Education, 1400000479.

DEPARTMENT FOR NATURAL RESOURCES:
Multi, 1400000360; Multi, 1400000368; Nature Conservancy, 1400000591; Northern Kentucky Urban Community Forest Council, 1400000606; Northern Kentucky Urban Community Forest Council, 1400000607.

DEPARTMENT OF WORKPLACE STANDARDS:
University of Kentucky Health, 1400000275.

EDUCATION, DEPARTMENT OF:
University of Kentucky Research Foundation, 1400000320; Campbell County Board of Education, 1400000449; Southern Regional Education Board, 1400000468; University of Louisville Research Foundation, 1400000544; University of Kentucky Research Foundation, 1400000564; University of Kentucky Research Foundation, 1400000568.

EDUCATION, OFFICE OF THE SECRETARY:
Council On Postsecondary Education, 1400000194.

ENVIRONMENTAL EDUCATION COUNCIL:
Morehead State University, 1400000471.

INFRASTRUCTURE AUTHORITY:
Union County Fiscal Court, 1400000531; Jackson County Fiscal Court, 1400000534; Magoffin County Fiscal Court, 1400000535; Daviess County Fiscal Court, 1400000576.

MILITARY AFFAIRS, DEPARTMENT OF:
Jessamine County Fiscal Court, 1400000381.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:
BigSandyAreaDevelopmentDistrict, 1400000400; Fivco Area Development District, 1400000406; Letcher County Water & Sewer, 1400000452; Green River Area Development District, 1400000455; Bracken County Fiscal Court, 1400000521; Daviess County Fiscal Court, 1400000522; Ohio County Fiscal Court, 1400000550; Ohio County Fiscal Court, 1400000551; City of Covington, 1400000618; Henderson County Fiscal Court, 1400000651; City of Jackson, 1400000652.

PARKS, DEPARTMENT OF:
Breaks Interstate Parks Commission, 1400000432.

WORKFORCE INVESTMENT, OFFICE OF:
Disability Resource Initiative Incorporated, 1400000127.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:
Pennyroyal Mental Health, 1300003155.

AGRICULTURE, DEPARTMENT OF:
Multi, 1300001595.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:
Seven Counties Services, 1200001288; University of Kentucky Research Foundation, 1200001394; Four Rivers Behavioral Health, 1300001811; Pennyroyal Mental Health, 1300001812; Green River Regional Mental Health Mental Retardation Board, 1300001813; Lifeskills Incorporated, 1300001814; Communicare Incorporated, 1300001815; Seven Counties Services, 1300001816; Northern Kentucky Reg Mental Health Mental Retardation Board, 1300001817; Comprehend Incorporated, 1300001818; Pathways Incorporated, 1300001819; Kentucky River Community Care, 1300001821; Cumberland River Mental Health Mental Retardation Board Incorporated, 1300001822; Lake Cumberland Mental Health Mental Retardation Board, 1300001823; Bluegrass Regional Mental Health Mental Retardation, 1300001824; Mountain Comp Care Center, 1300003030.

DEPARTMENT FOR COMMUNITY BASED SERVICES:
Blue Grass Community Action, 1300002081; Kentucky Communities Economic Opportunity Council Incorporated, 1300002087.

DEPARTMENT FOR INCOME SUPPORT:
Eastern Kentucky University, 1300001935.

DEPARTMENT FOR PUBLIC HEALTH:
Pathways Incorporated, 1200002160; University of Kentucky Research Foundation, 1200002645.

EDUCATION, DEPARTMENT OF:
Eastern Kentucky University, 1300000271; Hopkinsville Community College, 1300000509; Jefferson County Board of Education, 1300002492; Kentucky Educational Development Corporation, 1300002544; Leslie County Board of Education, 1300002568; Letcher County Board of Education, 1300002600; Madisonville Community College, 1300002917; Eastern Kentucky University, 1300002920; Southeast/Southcentral Educational Coop, 1300002984.

HERITAGE COUNCIL:
City of Bardstown, 1300003106.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

City of Fulton, 1000000965; Marshall County Fiscal Court, 1000001167; Henry County Fiscal Court, 1000004185; City of Mount Sterling, 1100000700; Jackson County Fiscal Court, 1100002329; City of Olive Hill, 1100002621; City of Paducah, 1100002622; City of Sharpsburg, 1100002624; City of Richmond, 1100002699; Todd County Fiscal Court, 1100002901; City of Benton, 1200000167; Pendleton County Fiscal Court, 1200000448; City of Beaver Dam, 1200000619; City of Newport, 1200001538; Laurel County Fiscal Court, 1300000524; Laurel County Fiscal Court, 1300000526; Laurel Co Fiscal Court, 1300000528; Laurel County Fiscal Court, 1300000529; Laurel County Fiscal Court, 1300000530; Laurel County Fiscal Court, 1300000531; Laurel County Fiscal Court, 1300000532; Laurel County Fiscal Court, 1300000533; Laurel County Fiscal Court, 1300000534; Laurel County Fiscal Court, 1300000535; Laurel County Fiscal Court, 1300000545; Laurel County Fiscal Court, 1300000563; Henderson County Fiscal Court, 1300000740; Lawrence County Fiscal Court, 1300000960; City of Hardin, 1300001310; Henderson County Fiscal Court, 1300001434; Union County Fiscal Court, 1300001535; Union County Fiscal Court, 1300001590; Webster County Fiscal Court, 1300001857; City of Grand Rivers, 1300002408; Middlesboro Independent Board of Education, 1300002827; Martin Co Fiscal Court, 1400000315; City of Prestonsburg, 1400000545.

TRANSPORTATION CABINET:
University of Kentucky Research Foundation, 1200002111.

WESTERN KENTUCKY UNIVERSITY:

Kentucky State Police, 2014-001.
THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

CORRECTIONS, DEPARTMENT OF

Correct Care Solutions, LLC, 1400000447. A motion was made by Senator McDaniel to defer the contract to the December 2013 meeting of the committee. Representative Yonts seconded the motion, which passed without objection.

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION

BLX Group, LLC, 14-001. Diana Barber and David Carlsen discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

LEGISLATIVE RESEARCH COMMISSION

Landrum & Shouse, LLP, 13/14-15. Marcia Seiler and Laura Hendrix discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

OFFICE OF THE KENTUCKY HEALTH BENEFIT EXCHANGE

Anthem Health Plans of Kentucky Incorporated, 1300003163; Blue &

Company, LLC, 1400000233. Carrie Banahan and Tammy Bullock discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed without objection.

OFFICE OF THE KENTUCKY HEALTH BENEFIT EXCHANGE

Community Action Kentucky Incorporated, 1400000661; Kentucky Primary Care Association Incorporated, 1400000662. Carrie Banahan and Tammy Bullock discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed with Senators Gregory, Hornback, and McDaniel voting NO.

TRANSPORTATION CABINET

RHA, LLC, 1400000516. Boday Borres and Mike Vaughn discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Horlander seconded the motion, which passed without objection.

TRANSPORTATION CABINET

L-3 Communications Corporation, 1400000579. Peggy Stratton and Michael Williams discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

TRAVEL, DEPARTMENT OF

Lofthouse Enterprises, 1400000526. Mike Mangeot discussed the contract with the committee. A motion was made by Senator Gregory to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

UNIVERSITY OF LOUISVILLE

Advances in Education, 14-038. Alan Attaway and David Martin discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES

AMS Temporaries Incorporated, 1300001454; Crown Services Incorporated, 1300001455; Guardian Angel Staffing Agency, 1300001456; Guardian Healthcare Providers, 1300001457; Nursestaffing Group Kentucky, LLC, 1300001458; Supplemental Health Care, 1300001459. Kevin Mudd and Kathy Burke discussed the contracts with the committee. A motion was made by Senator McDaniel to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed without objection.

DEPARTMENT FOR PUBLIC HEALTH

Kentucky Pharmacists Association, 1200002754. Paul Royce and Rebecca

Gillis discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Horlander seconded the motion, which passed without objection.

WESTERN KENTUCKY UNIVERSITY

Multi, 131418. Blaine Ferrell discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Senator Carroll seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS FOR \$10,000 AND UNDER WERE SELECTED FOR FURTHER REVIEW:

ETHICS COMMISSION, EXECUTIVE BRANCH

Roland P. Merkel, PSC, 1400000553; Roland P. Merkel, PSC, 1400000554; Roland P. Merkel, P.S.C., 1400000556. John Steffen discussed the contracts with the committee. A motion was made by Senator McDaniel to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed without objection.

THE FOLLOWING MEMORANDUM OF AGREEMENT WAS SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF

KASE, 1400000608. Hiren Desai and Rhonda Caldwell discussed the contract with the committee. A motion was made by Representative Horlander to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

THE FOLLOWING MEMORANDA OF AGREEMENTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF

Adair County Board of Education, 1300000063; Ballard County Board of Education, 1300000064; Barren County Board of Education, 1300000065; Berea Independent Board of Education, 1300000066; Boone County Board of Education, 1300000068; Bourbon County Board of Education, 1300000070; Carroll County Board of Education, 1300000078; Corbin Independent Board of Education, 1300000087; Eminence Independent Board of Education, 1300000091; Hancock County Board of Education, 1300000100; Harlan County Board of Education, 1300000103; Lotts Creek Community School, 1300000148; McCracken County Board of Education, 1300000151; Pleasant Green Baptist Church, 1300000165; Save the Children, 1300000172; Whitley County Board of Education, 1300000177. Donna Tackett, Brigitte Stacy, and Charlie Harman discussed the contracts with the committee. A motion was made by Senator McDaniel to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed without objection.

EDUCATION, DEPARTMENT OF

Central Kentucky Educational Cooperative, 1300002698; Kentucky Valley Education, 1300002701; Northern Kentucky Cooperative for Educational Services Incorporated, 1300002702; Ohio

Valley Education Coop, 1300002703. Todd Baldwin and Charlie Harman discussed the contracts with the committee. A motion was made by Senator McDaniel to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed without objection.

EXEMPTION REQUESTS
ENERGY AND ENVIRONMENT CABINET, DIVISION OF WATER

The Energy and Environment Cabinet, Division of Water requests a continued exemption from two year contracting restrictions for Nonpoint Source MOAs and PSC, which are 100 percent federally funded. A motion was made by Representative Yonts to grant the requested exemption until September 30, 2014. Senator McDaniel seconded the motion, which passed without objection.

ENERGY AND ENVIRONMENT CABINET

The Energy and Environment Cabinet requests a continued exemption from the two year contracting restrictions for the remaining phases of the Map Modernization Management Support and Risk Mapping Grant, which are 100 percent federally funded. A motion was made by Representative Yonts to grant the requested exemption until September 30, 2014. Senator McDaniel seconded the motion, which passed without objection.

KENTUCKY STATE POLICE

The Kentucky State Police requests an exemption from the two year contracting restrictions for a Federal Grant for Enforcing Underage Drinking Laws. A motion was made by Representative Yonts to grant the requested exemption until September 30, 2014. Senator McDaniel seconded the motion, which passed without objection.

With no further business before the committee, the meeting adjourned at 11:15 A.M.

Military and Overseas Voting Assistance Task Force Minutes of the 2nd Meeting of the 2013 Interim November 12, 2013

Call to Order and Roll Call

The 2nd meeting of the Military and Overseas Voting Assistance Task Force was held on Tuesday, November 12, 2013, at 9:30 AM, in Louisville, at the Seelbach Hilton, Medallion Ballroom. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were: Senator Higdon, Representative Pullin, Keith Cain, James Fowler, Bobbie Holsclaw, Lindsay Thurston, Senator Bowen, and Representative Owens.

Members: Senator Joe Bowen, Co-Chair; Representative Darryl T. Owens, Co-Chair; Senator Jimmy Higdon, Representative Tanya Pullin; Keith Cain, James Fowler, Bobbie Holsclaw, Charles T. Jones, and Lindsay Thurston.

Guests: Julie Barr, Oldham County Clerk and President, Kentucky Clerk's Association; James Lewis, Leslie County Clerk and Elections Chair, Kentucky County Clerk's Association; Susannah Goodman, Director, Voting Integrity Program, Common Cause; Pamela

Smith, President, Verified Voting; Jeremy Epstein, Senior Computer Scientist, SRI International; and Representative Riner.

LRC Staff: Greg Woosley, Kristopher Shera, and Ashlee McDonald.

The minutes of the October 8, 2013 meeting were approved. Motion made by Representative Owens and seconded by Mr. Fowler.

County Clerk's Perspectives on Absentee Ballots, Senate Bill 1, and Military and Overseas Voting Procedures

James Lewis, Leslie County Clerk and Elections Chair, Kentucky County Clerks Association, stated that Kentucky County Clerks are proud to support the military and veterans. Kentucky county clerks support veterans and military through a private organization known as H.A.V.E. (Help A Veteran Everyday). They raised over \$175,000 over the last 2 years to be donated to three different veteran's centers.

County clerks' opposition to the return of ballots electronically is because of legitimate concerns regarding the security of the ballot and voter information. Until there is certified security regarding internet ballots, this does not comply with Section 147 of the Kentucky Constitution, which requires secret ballots for all elections by the people.

Mr. Lewis stated that there are still security issues with information being stolen and manipulated regarding E-commerce. Usually a mistake can be found rather quickly with banking or shopping online. However, a lost or compromised vote may not be noticed until it is too late to repair. The county clerks are concerned with the secrecy and the accurate casting of ballots for military personnel and veterans. The risks are far too great for the county clerks to endorse electronic voting.

Julie Barr, Oldham County Clerk, and President, Kentucky County Clerk's Association, explained that she had spoken to Oldham County residents regarding their thoughts about an electronic ballot return system and found that the overwhelming response was in opposition. Citizens are concerned for the secrecy of their ballots and want their votes counted. Ms. Barr said the Obama-Care website as an example of why citizens have no faith in using technology for personal issues. There are no assurances of security.

In response to a question from Representative Pullin, Mr. Lewis said that civilians living overseas could request an absentee ballot online, but it must be returned by mail. Ms. Barr said that, the earlier that a ballot is requested for mailing, the easier its return will be.

Representative Owens stated that there are 32 states that cast electronic ballots. Mr. Lewis explained that the problem is that it could take years before someone realizes that a voting ballot has been compromised.

In response to a question from Representative Owens regarding an electronic transmission voting system, Mr. Lewis explained that he believes anything electronic is open to hacking. If someone cannot match the voter to the ballot, the

secrecy of the ballot is undetermined.

In response to Senator Higdon regarding Senate Bill 1, Mr. Lewis stated that there are no major concerns with the enacted version of Senate Bill 1. However, it would take a constitutional amendment to change the way votes are cast.

Responding to Mr. Cain's question regarding the integrity and secrecy of voter identity and whether there is a compromise, Ms. Barr said that the unsecure offices and other situations that may cause security concerns are just some of the factors causing non-support of electronic voting.

In response to Representative Pullin's question regarding how and if the clerk's are working towards finding a better way for the military to vote, Mr. Lewis explained that the clerks are always looking for new ways to improve voting for all citizens. Mr. Lewis said he thought it would be detrimental to the voting process if electronic casting of ballots were allowed.

Senator Higdon said that it was his opinion to allow Senate Bill 1 to work in 2014 elections before making any commitments.

Representative Owens commented that, at the last task force meeting, it was stated that there were 4,600 overseas ballots issued and 3,665 were returned. There were 300 ballots in Kentucky that could not be counted. He said that military personnel overseas are provided with Overseas Voting Assistance Officers to assist in electronic voting.

Security Concerns with Expanded Technology in Elections

Jeremy Epstein, Senior Computer Scientist, SRI International, stated that a common question presented regarding internet security is why someone cannot vote online if that person can shop and bank online. There are several reasons why this is not the same:

Bank transactions must be connected to the individual, while a ballot does not have to be.

Banks can reverse transactions if they detect fraud, while votes cannot be reversed.

Banks maintain fraud insurance that they can pass on to the consumer.

Banks have greater resources available to them than state and local election officials to secure their systems, and yet banks still have billions of dollars in losses every year.

Under the Help America Vote Act, the election assistance commission is responsible for setting election system standards with the National Institute of Standards and Technology (NIST). After several years of studying, NIST concluded that secure internet voting is not feasible with today's technology. Internet voting is not realistic because of the lack of encryption. It was recently concluded that it takes, on average, 9 months before a hack is detected. If this happens in an election, the results would be finalized before a mistake is known. There is a lot of experimentation with voting security. States that are experimenting with online voting are doing so with no solid foundation or recovery method if something went wrong. Without standards

or federal funding, Kentucky would be on its own for internet voting.

Susannah Goodman, Director, Voting Integrity Program, Common Cause, explained that there are two major reasons why it is not advisable to cast online ballots. The first reason is that the Department of Defense's own agency, the Federal Voting Assistance Program, does not endorse internet voting because of security concerns and does not fund it. The second reason is that there are no commercially available internet voting systems on the market that can prevent ballots from interception.

The Department of Defense Federal Voting Assistance Program does not endorse internet voting as a way to return ballots because of security. States that allowing internet voting did so before it was understood how easy it was for ballots to be jeopardized.

Ms. Goodman said the 2012 Florida election is an example of how easily ballots can be compromised. In this election, cyber attackers obtained voters' identifying information and requested and obtained absentee ballots by email. Two thousand five hundred fraudulent ballots were sent to 2,500 email addresses, and although the FBI is investigating, the cyber criminals have not been caught. Since then, the Department of Defense FVAP stated that there would be no federal funding to states to create a program that puts soldiers' ballots at risk.

The shortfalls of encryption are well known in the technology field. Private companies offering military-grade protection have no clinical trials or public reviews. The misuse of those words gives the public a false sense of security. Internet voting system vendors should have to demonstrate that their software is secure in a very public way. Internet voting system vendors should have public substantiation of their claims.

Pamela Smith, President, Verified Voting, stated that Verified Voting is working with a number of networks and task forces of elected officials to find ways to safeguard elections in the digital age. Verified Voting supports technology in elections where it can facilitate improvement without introducing unnecessary risks. Verified Voting is part of an alliance for military and overseas voting rights. The Federal Voting Assistance Program stated that online voting is too risky, and postal mail is more secure for the return of voted ballots.

Ms. Smith reiterated the statement made earlier by Ms. Barr regarding voter responsibility. Successful voting is based on information, not technology. A voter should know when election day occurs, request the absentee ballot early, and return it early. There are alternatives to make the voting process easier. Electronically sending blank ballots to voters, allowing voters to download and fill in a ballot before printing, and communicating electronically are all options that use technology for voting purposes.

In response to a question from Ms. Thurston, Mr. Epstein stated that his

company uses security by obscurity, meaning that the 45-day voting process for military members may slow hackers but cannot eliminate them.

Responding to Representative Riner, Ms. Goodman explained that online voting is an expensive learning curve. There are particular steps that need to be taken to ensure there are safeguards and secrecy for military voters.

Ms. Smith said that California allows a 3-day grace period on standard mail voting, even if a ballot is received after Election Day. This allowed 75 percent more votes to be counted.

With no further business to come before the meeting, the meeting adjourned at 10:45 a.m.

Program Review and Investigations Committee Minutes

December 11, 2013

Call to Order and Roll Call

The Program Review and Investigations Committee met on Wednesday, December 11, 2013, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Martha Jane King, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Martha Jane King, Co-Chair; Senators Tom Buford, Julie Denton, Ernie Harris, and Jimmy Higdon; Representatives Dwight D. Butler, Leslie Combs, Terry Mills, Rick Rand, and Arnold Simpson.

Guests: Robert King, President, and Bill Payne, Associate Vice President for Budget and Finance, Council on Post Secondary Education

LRC Staff: Greg Hager, Committee Staff Administrator; Chris Hall; Colleen Kennedy; Van Knowles; Lora Littleton; Jean Ann Myatt; William Spears; Joel Thomas; Kate Talley, Committee Assistant.

Staff Report: Cost and Funding of Higher Education in Kentucky

Lora Littleton and Tosha Fraley presented the report. Ms. Littleton said that the first conclusion of the report is that from fall 2000 to fall 2012, enrollment in Kentucky Community and Technical College System (KCTCS) institutions increased 63 percent; undergraduate and graduate enrollment in Kentucky's 4-year public institutions increased more than 20 percent. Enrollment in 4-year institutions grew steadily over this period. Growth in the 2-year system has been inconsistent, with an annual increase and decrease of more than 10 percent in recent years.

In fall 2012, more than 128,000 undergraduate, graduate, and post-doctoral students were enrolled in a Kentucky public 4-year institution; nearly 97,000 students were enrolled in a Kentucky public 2-year institution. As of fall 2010, 81 percent of undergraduate students at the public 4-year universities were full-time students; 42 percent of KCTCS students were full-time.

Conclusion 2 of the report is that for six of eight Kentucky 4-year public institutions, the 6-year graduation rates

for students entering in 2005 were below the median rates of their benchmark institutions.

For students entering school in 2007, the 6-year baccalaureate graduation rate for Kentucky public 4-year universities was 48 percent. It was 36 percent for low-income students, 27 percent for underprepared students, and 32 percent for underrepresented minorities. For students entering school in 2005, Murray State University's graduation rate was better than approximately 75 percent of its benchmark institutions. Western Kentucky University's graduation rate was the only other rate above the benchmark median. Four Kentucky universities were in the lowest quarter for 6-year graduation rates compared to their benchmarks.

In response to a question from Senator Harris about why the range among the benchmarks was so large, Ms. Littleton replied that these were the actual graduation rates.

Approximately 63 percent of students who graduated from a 4-year institution in 2011 were employed in Kentucky in 2012. Nearly 80 percent of students who graduated from 2-year colleges in 2011 were employed in Kentucky in 2012.

Conclusion 3 is that tuition and fees for full-time resident undergraduate students have steadily increased among all Kentucky 4-year and 2-year public institutions.

Average, inflation-adjusted annual tuition and mandatory fees for full-time resident undergraduate students increased 110 percent from Academic Year 2001-2002 to Academic Year 2013-2014. The University of Kentucky (UK) and University of Louisville have the highest tuition and fees. The comprehensive universities had similar levels of tuition and fees at the beginning of this time period, but for Academic Year 2013-2014, the most expensive comprehensive university costs \$1,600 more than the least expensive. KCTCS continues to have the lowest tuition and fees. For Academic Year 2010-2011, the published annual tuition and mandatory fees for full-time resident undergraduate students at each of the state's 4-year public universities fell within the middle half of its benchmarks. UK, Morehead State University, Murray State University, and Northern Kentucky University had lower tuition and fees than the median of their respective benchmarks.

State lottery proceeds are a significant source of funding for scholarships and grants. Total funding, which was more than \$120 million in 2011-2012, has been relatively stable for 8 years. Funding for the Kentucky Educational Excellence Scholarship, which is the largest program, increased each year from 2001-2002 to 2011-2012.

Conclusion 4 is that tuition and fees surpassed state funds as the largest source of revenue for the state's public institutions in FY 2010. It is the only revenue source that has increased each year since FY 2005.

In FY 2012, tuition and fee revenue was approximately \$1.46 billion, state funds were approximately \$1.28 billion, federal funds were approximately \$793 million, and donor funds were

approximately \$156 million. From FY 2005 to FY 2012, tuition and fees revenue increased approximately 83 percent, state funds increased approximately 10 percent, federal funds increased approximately 44 percent, and donor funds increased approximately 20 percent. Revenue from tuition and fees was the only source that did not decrease from FY 2011 to FY 2012.

Net general fund appropriations for Kentucky public institutions peaked at slightly over \$1 billion in FY 2008. Compared to FY 2002, net general fund appropriations in FY 2012 were lower for UK and Louisville and higher for the six comprehensive universities and KCTCS. Over this 10-year period, overall net general fund appropriations for Kentucky public institutions increased 3 percent.

In response to questions from Sen. McDaniel, Ms. Fraley said that she was unsure whether KEES funding was included in state appropriations, but that whether it was included or not would have been consistent over time.

Ms. Fraley said that as of FY 2011, only Kentucky State University and UK had fewer than one-half of graduates without debt. More than two-thirds of graduates of Eastern Kentucky University, Morehead, and Northern Kentucky had debt. Average student debt per institution ranged from less than \$19,000 to more than \$36,000.

The report's fifth conclusion is that in academic year 2011-2012 Kentucky public 4-year institutions spent \$670 million on public service and \$484 million on research. UK had the highest percentage of spending devoted to public service compared to its benchmarks. For UK and Louisville, spending for research as a share of total spending was below the medians of their respective benchmarks.

From FY 2004 to FY 2011, Kentucky public institutions' total expenditures increased 55 percent, expenditures for instruction increased 54 percent, public service spending increased 132 percent, and research spending increased 41 percent. The increase in public service expenditures was driven by UK, which increased public service expenditure by 269 percent. In FY 2011, Kentucky public institutions had \$4.9 billion in total expenditures, which included \$1.28 billion for instruction, \$691 million for public service, and \$487 million for research. Other expenditures included academic support, student services, institutional support, operation and maintenance of plant, scholarship and fellowship expenses, auxiliary enterprises, hospital services, and independent operations.

In FY 2011, UK had 65 percent of total public service expenditures; Louisville had 14 percent. The comprehensive universities had 15 percent. Eastern had nearly one-half of the \$103 million in public service expenditures by the comprehensive institutions. KCTCS had 7 percent of public service expenditures. The same year, UK had 63 percent of the research expenditures, Louisville had 31 percent, and the comprehensive institutions had 6 percent. KCTCS had no research expenditures.

From FY 2005 to FY 2011, full-time-equivalent (FTE) enrollment increased each year except FY 2007. Total expenditures increased each year during this time period and at a greater rate than FTE enrollment with the exception of one year. Over this period, FTE enrollment increased approximately 31 percent and total expenditures increased approximately 55 percent.

As of FY 2011, UK and Louisville each spent less than approximately three quarters of their respective benchmarks. Among the comprehensive universities, Western and Eastern spent more than their respective median benchmark institution; Morehead, Murray, and Northern spent at the median, and Kentucky State spent slightly less than the median. That year, each Kentucky public 4-year university devoted a greater percentage of expenditures to public service than its median benchmark. UK and Eastern spent the highest dollar amounts compared to their benchmarks. UK spent \$448 million on public service expenditures, nearly 15 times more than its lowest benchmark and more than 3 times its median. Eastern spent nearly \$50 million on public service, which was nearly 31 times higher than its lowest benchmark and almost 6 times more than its median.

In FY 2011, UK, Louisville, Eastern, and Northern each spent less as a percentage of total expenditures than the median of their benchmarks on research; Kentucky State, Morehead, Murray, and Western spent more than did their median benchmarks.

In FY 2011, instruction expenditures per full-time equivalent student were less than the institution's median benchmark for UK, Northern, and Western. Louisville, Eastern, Kentucky State, Morehead, and Murray spent more than the median of their benchmarks. Louisville spent the most among Kentucky public 4-year universities at slightly under \$14,000 per FTE student.

In FY 2012, \$209 million was spent in total for operations and maintenance, \$145 million for student services, \$107 million for information technology, \$59 million for travel, and \$22 million for public safety. That year, UK (\$73 million) and Louisville (\$72 million) accounted for 67 percent of total athletic expenditures of \$215 million.

For academic year 2011-2012, UK had the most full-time tenured and tenure track faculty members, nearly 1,300. Kentucky State had the fewest full-time tenured and tenure track faculty and the lowest average salary without benefits.

UK had the most full-time administrators and staff, nearly 8,300, and the highest average pay at just less than \$60,000.

In academic year 2011-2012, Kentucky's public 4-year institutions spent \$450 million for salaries without benefits for adjunct, non-tenure track, tenure track, and tenured faculty with teaching loads. From academic year 2002-2003 to academic year 2011-2012, faculty salaries increased 42 percent at Kentucky's 4-year institutions, not including KSU, for which data were not available for all years.

In academic year 2011-2012, public

4-year institutions spent \$986 million on part-time and full-time administrators and staff. From academic year 2002-2003 to academic year 2011-2012, part-time and full-time administrator and staff salaries increased 50 percent at Kentucky's 4-year institutions, not including KSU and Murray, for which full data were not available. Northern had the largest increase, 96 percent. Increases were less than 40 percent for Murray and UK.

From FY 2003 to FY 2012, retirement and other post-employment contributions for Kentucky's public 4-year institutions increased more than 100 percent. In FY 2012, total retirement and other post-employment contributions by Kentucky's 4-year institutions was \$198 million. In FY 2012, total employee health benefits paid by Kentucky 4-year institutions were \$183 million. Costs of employee health benefits increased by more than 100 percent since FY 2003 for four institutions.

Approve minutes for November, 14, 2013

Upon motion made by Senator Buford and a second by Senator Denton, the minutes of the November 14, 2013, meeting were approved by voice vote, without objection.

Selection of Study Topics for 2014

Senator McDaniel made a motion to select four topics for study by staff:

- oversight and transparency of money earmarked for the Bluegrass Water Supply Commission;
- prevailing wage;
- Kentucky Fair Board, including potential for privatization; and
- quasi-governmental agencies in the Kentucky Retirement Systems.

Senator Buford seconded the motion.

In response to a question from Representative Mills, Senator Buford said that there had been no final audit of the Bluegrass Water Supply Commission, which received an appropriation of approximately \$1.5 to \$2 million.

In response to a question from Representative Simpson, Representative King said that there would be additional topics proposed by House members of the committee.

Senator McDaniel's motion was adopted by roll call vote.

Representative King proposed two House topics:

- whether technology used by Kentucky agencies is appropriate and up to

date; and

- a comparison of pay rates of executive, supervisory, and rank and file state

employees; and teachers and administrators in school systems.

Representative King noted that the committee is required by statute to evaluate the child fatality and near fatality study panel each year beginning in 2014.

Representative Simpson said that the third proposed House topic is local pension systems that exist outside the state pension systems. There is concern that the pensions are not properly funded.

Upon motion by Representative Simpson and second by Representative Combs, the three House topics were selected by roll call vote for study by staff.

In response to a question from Senator McDaniel, Ms. Fraley said that staff did not look at the readiness of transfers from KCTCS to 4-year institutions.

Senator McDaniel read from a list in the report of reasons for increased costs. He asked why the reasons did not include increased quality of education. Ms. Littleton said that the reasons listed were general and taken from the research literature.

In response to a question from Senator McDaniel, Ms. Fraley said staff gave CPE a list of requested data items. CPE could better explain the availability of the data.

In response to a question from Senator McDaniel, Ms. Fraley said that she would provide the exact definition of “public service” used in the data.

Senator McDaniel commented that from 2003 to 2013, inflation was 27 percent. During this period, enrollment in Kentucky universities was up 16 percent, and costs increased 177 percent, while the state appropriation increased 1 percent. There is a marked difference in what students are asked to pay and appropriations. He would like to see Kentucky universities be national leaders in providing quality education to everyone. He is concerned about the priorities inside these universities as they continue to lobby the legislature. Appropriations have gone down nationally, while Kentucky’s appropriations went up. This is a spending problem, not an appropriations problem.

Mr. King explained that some of the data requested are exclusive to the campuses; they do not come to CPE. He noted that he had provided a letter to the committee responding to the study. He encouraged committee members to review the presentation he made at the June 2013 Program Review meeting.

In response to a question from Senator McDaniel, Mr. King said that almost all requested data were provided. Mr. Payne said that 98 to 99 percent of requested data were provided. Some data provided may not have been included in the report.

Mr. King said that regarding benchmarks, CPE worked with campuses to develop a funding model. Each university identified other universities that were similar based on criteria such as mission and size. Each Kentucky university has about 19 such benchmark institutions. The methodology used in this study to compare institutions to their benchmarks was abandoned about a decade ago.

Senator Buford said that the June presentation to the committee included federal compliance costs among the reasons for increased costs. He asked for a description of some of the costs. Mr. King said that the burden of reporting related to public safety is increasing. He also noted required reporting on employment of graduates and health coverage and research regulations related to utilization of human subjects.

In response to a question from Senator Buford, Mr. King said that he could investigate whether there are any unduly burdensome state requirements that could be remedied.

Representative Combs said that faculty are the main connection to students. She is concerned about overspending on administration and staff. She commended smaller institutions for keeping the margin between spending on faculty and administrators and staff smaller. The focus should be on dollars spent per FTE, however.

Mr. King agreed with the statement about FTE; the staff report does not take enrollment into account. Many administrators are devoted to providing student services, such as financial advisors, registrars, and mental health services staff. There are many other people providing student support who account for the growth in administrative expenses. As more people have been encouraged to attend college, there are more students who are not as prepared. This has put a burden on colleges to meet these needs, which falls not just on faculty.

Representative Simpson noted that there is some duplication between faculty and administrators. Under HB 1, the concept was for community colleges to meet the needs of underprepared students. By encouraging these students to go to 4-year universities, we increased the cost. Not having a state system leads to inefficiencies. He hopes that CPE will work with the General Assembly to create a mechanism to make higher education more economical. We hold universities responsible for ensuring that an average student in Kentucky can get an economical education.

Mr. King replied that in the 1990s a choice was made not to create a state system. In 2009, SB1 created a pathway to address the problem of students completing high school unprepared to do college work. We are now seeing more high school students coming to college prepared. There was pressure on universities to grow student enrollment. A lot of work is now going on to find ways to help these students and progress is being made. There are differences among underprepared students. Some only need math help; some need help in all areas. Eighty percent of underprepared students are starting at community colleges. Page 16 of the CPE presentation to the committee shows that campuses are improving in graduating students. The General Assembly used to cover the cost of maintenance and operation of new buildings. That cost has been shifted to the campuses. The Program Review study did not take into account financial aid when discussing tuition. Most students do not pay “sticker price.”

Representative Combs said that it would be interesting to look at the number of students qualifying for financial aid and the levels of aid.

Representative Simpson asked whether charges for out-of-state students are too low.

Mr. King said that there are two categories of out-of-state students: those admitted through reciprocity agreements in some border counties and everybody else, who typically pay twice the in-state rate. Officials are continuing to monitor whether the reciprocity region is too broad.

Representative King said that due to lack of a quorum, the presentation on the staff report on non-merit personnel would be postponed to a later meeting.

The meeting adjourned at 2:35 PM.

Task Force on the Unified Juvenile Code

Minutes of the 9th Meeting of the 2013 Interim

November 19, 2013

Call to Order and Roll Call

The 9th meeting of the Task Force on the Unified Juvenile Code was held on Tuesday, November 19, 2013, at 10:00 AM, in Adair Youth Detention Center. Senator Whitney Westerfield, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-Chair; Representative John Tilley, Co-Chair; Harry L. Berry, Hasan Davis, Glenda Edwards, Steven Gold, Teresa James, Lisa P. Jones, Bo Matthews, Mary C. Noble, Pamela Priddy, and John Sivley.

Guests: Senator Sara Beth Gregory
LRC Staff: Matt Trebelhorn, Jon Grate, Jessica Causey, and Kathy Miller.

Approval of Minutes

A motion was made by Mr. Bo Matthews to approve the minutes from the 8th meeting of the Unified Juvenile Code Task Force. The motion was seconded by Dr. John Sivley and carried by voice vote.

Guest of the Task Force

Senator Whitney Westerfield recognized a guest of the Task Force, Senator Sara Beth Gregory. Senator Gregory welcomed the task force to the 16th Senate District.

Roundtable Discussion

Senator Westerfield introduced recommendations addressed at the November 6, 2013 meeting. He gave an overview of the report from the PEW Foundation and opened the meeting for questions and comments.

The recommendations to the task force were grouped under six headings.

Admissions/Dispositions

The task force has five recommendations regarding admissions and dispositions:

Establish minimum requirements that schools must meet prior to filing a court referral and review the role of school resource officers.

Require schools to report specific data on school referrals and report information on programs available for at-risk youth.

The increased use of early intervention options and disposition alternatives, and expand training in these options for juvenile justice professionals.

That KRS 635.010 be clarified to give County Attorneys the ability to decide not to file a case if it is appropriate to do so, even if reasonable cause exists.

That the risk and needs assessment utilized by the Department of Juvenile Justice (DJJ) be validated and that there be increased requirements to provide the assessment to the court to utilize in its decision-making at disposition.

Length of Stay

The task force recommends that the

legislature establish a framework to limit the time that lower level offenders are placed out of home. DJJ treatment plans should include a combination of treatment within the facilities and continuing treatment in the community, tailored to the needs of the youth. Periodic hearings and additional case planning by a review committee should be required to provide oversight and review the appropriateness of continued out-of-home placement.

Supervision

The task force has four recommendations:

Replacement of the current system, in which a juvenile committed to DJJ remains under supervision until age 18 or is discharged, with a finite period of supervision that is correlated to the seriousness of the offense.

Increase DJJ supervision and aftercare requirements. This increase for juveniles in the community is necessary to improve outcomes and reduce recidivism.

Require more involvement from parents in offender interventions. The interventions may require involvement in counseling or case management for the youth, attending parent education courses, accessing family preservation service and undergoing substance abuse testing.

Maximize use of federal funding to meet the needs of children and families involved in the juvenile justice system. In particular, the federal funds should be used to increase services in the community.

Services

The task force recommends increasing use of evidence-based programs and practices to increase the effectiveness of the services provided to juveniles and their families. The task force also recommends allowing the use of promising programs and practices to allow for the development of new and innovative ideas which can be shown to be effective, and that performance measures be used to track key outcomes for juvenile justice interventions.

Oversight

The task force recommends establishing an ongoing council or commission to provide oversight of the implementation of the policies adopted or mandated from its recommendations. The oversight body should have the authority to continue review of additional juvenile justice issues as necessary. The task force recommends improving the current measures to track recidivism and establishing additional measures where necessary.

Status Offenders

The draft recommendation was to prohibit the Cabinet for Health and Family Services (CHFS) from placing adjudicated status offenders out of home. After discussion, this recommendation was changed to: “Restrict the Cabinet for Health and Family Services from placing adjudicated status offenders out of home.” The task force found that there are approximately 250 status offenders who have been committed to the cabinet and who are in out-of-home placement.

These status offenders are staying in out-of-home care for an average of eight months. Placement of status offenders out of home is not appropriate. These youth are better served in the community where they can receive services, particularly family intervention services. The task force recommends that the cabinet be restricted from placing status offenders in out-of-home placements. The cabinet must prioritize serving youth in the home. If in-home services are not successful, and after a full clinical assessment determines out of home placement is needed, further steps may be taken to pursue out-of-home placement. Further, the task force recommends that youth currently in out-of-home placements be returned as soon as possible to the community with appropriate services to address their needs.

The remainder of the meeting was devoted to discussion and recommendations of placement, services, and status cases.

Placement

The task force recommends prohibiting commitment of certain juvenile misdemeanants and establishing criteria that must be met prior to commitment. The task force further recommends imposing some limitations on the ability of DJJ to place the lower level offenders out of home. The task force recommends establishing a lower level sanction for the less severe Class D felony offenses by creating a separate disposition that is available to certain Class D offenders based on statutory criteria.

Services

The task force discussed establishing a fiscal incentive program to reinvest savings from juvenile justice reforms into community services. To facilitate the development of interventions that will serve as alternatives to incarceration, the task force recommends that the legislature appropriate funding for the program.

Status Cases

The task force recommends establishing an alternative process for status offenders that allows for assessments and referrals to services prior to any court involvement and provides ongoing case management. The system should require family engagement if appropriate. The task force further recommends the prohibition of or limits on the detention of status offenders for violations or findings of contempt and that consideration be given to continuing reforms to the status offender system, including court jurisdiction.

There being no further business, the meeting was adjourned.

Tobacco Settlement Agreement Fund Oversight Committee Minutes

December 4, 2013

Call to Order and Roll Call

The meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, December 4, 2013, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Paul Hornback, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Wilson Stone, Co-Chair; Senators Carroll Gibson, Jimmy Higdon, Dennis Parrett, and Robin L. Webb; Representatives Mike Denham, Tom McKee, Terry Mills, Ryan Quarles, and Jonathan Shell.

Guests: Roger Thomas, Joel Neaveill, Bill McCloskey, Brian Murphy, Kylee Palmer, Sandra Gardner, and Biff Baker, Governor’s Office of Agricultural Policy; Kimberly Richardson, Division of Conservation.

LRC Staff: Lowell Atchley, Kelly Ludwig, and Kelly Blevins.

The October 30, 2013, minutes were approved without objection on a voice vote, upon a motion by Representative McKee and seconded by Senator Parrett.

Governor’s Office of Agricultural Policy

Mr. Roger Thomas, Executive Director, Mr. Joel Neaveill, Chief of Staff, and Mr. Bill McCloskey, Director of Financial Services, Governor’s Office of Agricultural Policy (GOAP), testified about project funding decisions made by the Agricultural Development Board (ADB) during the board’s October and November meetings.

Mr. Neaveill summarized tobacco settlement funding allocations from the November meeting under the County Agricultural Improvement (CAIP) and Deceased Farm Animal Disposal Assistance programs.

Following the summaries, Mr. Neaveill responded to questions on how county councils utilize their funds in a given year and how the funds are retained for use in subsequent years. Mr. Neaveill, responding to Senator Gibson, explained how the county funds are budgeted, based on a formula. MSA funding allocations have been reduced in recent fiscal years.

Responding to Co-chair Hornback, Mr. Neaveill and Mr. Thomas indicated that some counties can pick up deer killed on roadways as a part of their deceased farm animal removal programs. Senator Parrett urged caution on the part of counties in using funds to perform a service that normally is handled by road departments.

Mr. McCloskey summarized a project that received funding approval in the November ADB meeting, the Kentucky Center for Agriculture and Rural Development (KCARD), based in Hardin County, which was approved for \$700,000 in state funds to provide technical assistance and educational opportunities to agricultural and rural businesses.

Mr. Thomas said that KCARD’s new executive director wants to undertake strategic planning for the organization and ultimately have the entity become self-sustaining. KCARD recently received a \$200,000 U.S. Department of Agriculture competitive grant. KCARD has begun seeking fees from businesses that are in a position to pay for KCARD’s consultations.

Responding to Co-chair Stone, Mr. Thomas said KCARD’s reports to the board will include information about the impact of its services, such as contacts made, businesses assisted, the status

of those businesses, and timelines for services.

Mr. Neaveill said that the most valuable piece of advice that KCARD gives clients may be telling them that their endeavors will not work.

Senator Parrett lauded KCARD and said it assisted a business venture in his area.

The GOAP officials explained the rationale involved in funding denials for the Montgomery County Conservation District project, which dealt with a program administrator change, and the Jessamine County FFA Alumni Association project, which had requested \$8,000 to provide financial assistance for a farmers’ back-to-school program in Jessamine County. Later in the meeting, Mr. Carl Waits explained why the project should have received funding.

Responding to Senator Hornback, Mr. Thomas provided an update on a three-judge panel’s ruling in an arbitration hearing regarding some disputed 2003 Master Settlement Agreement payments. The panel had ruled in favor of more than 30 cigarette makers in their individual claims against Kentucky and five other states. The companies alleged that Kentucky and other states had failed to diligently enforce state tobacco laws during 2003 and were entitled to a refund under the MSA. Some states were determined to have enforced the provisions, while others had settled the companies’ claims.

According to Mr. Thomas, the state will file a motion in Franklin Circuit Court seeking to set aside the prior settlements because they were outside the dictates of the original Master Settlement Agreement.

According to Mr. Thomas, the amount and timetable for any future MSA deductions as a result of the ruling remained unclear.

Ms. Kimberly Richardson, Director, Kentucky Division of Conservation, testified about the division’s soil stewardship cost share and water quality program, for which the division receives tobacco settlement funds.

Ms. Richardson reviewed the history of the program, its purpose, implementation by conservation districts, funding, the process for leveraging state funds with federal funds for farmland set-aside programs, other conservation initiatives, and non-point source pollution projects. Looking ahead, Ms. Richardson indicated that the review of best management practices is a constant process. She also discussed how the division deals with budget cutbacks, and commented on funding received since the mid-1990s and landowners assisted. Over 15,000 landowners have been approved for more than \$133 million during the duration of the program. The division has received almost \$112 million in tobacco settlement funds for its programs.

Responding to Co-chair Hornback, Ms. Richardson described how division personnel deal with landowners who have received violation notices. There are some “bad actors,” but others simply need assistance and guidance.

Responding to Representative McKee, Ms. Richardson said she could provide county-by-county funding break-

downs. Funds from a state pesticide fee have totaled about \$600,000.

In a response to Senator Higdon, Ms. Richardson described how agencies are dealing with an algae problem on Taylorsville Lake. The Division of Conservation has tried to educate adjacent landowners about water runoff.

Responding to Representative Mills, Ms. Richardson discussed the working relationship with GOAP in providing funding for dead farm animal removal programs.

Senator Hornback pointed out the benefit of the conservation programs.

Jessamine County FFA Alumni Association

Mr. Waits described why a project he was proposing should have received a funding commitment from the ADB. The board, acting on a committee recommendation, denied funding based on the project’s lack of producer impact. The Jessamine County Council had earlier approved the project.

Mr. Waits discussed two other earlier programs that were similar. The programs were designed to help farmers and their spouses to return to school and receive training for a new trade or occupation.

He said that KRS 248.711(2)(f) permits county funds to be used to help farmers transition from farming to another vocation. He urged the committee to ask ADB to reconsider its earlier decision to deny funding.

Co-chair Hornback explained the oversight role of the committee and its relationship with the Agricultural Development Board.

Senator Webb said she found Mr. Waits’ story compelling and emphasized the positive aspect of keeping farmers on the farm. She said county funds should be under the control of county councils and urged that the concept be preserved. She encouraged the board to review the original intent of the tobacco settlement statutes from time to time.

Documents distributed during the meeting are available with meeting materials in the LRC Library. The meeting adjourned at approximately 11 a.m.

2014 Prefiled Bills

BR 1 - Representative Diane St. Onge,
Representative Brent Yonts (04/11/13)

AN ACT relating to drone surveillance.

Create a new section of KRS Chapter 500 to define “drone,” “law enforcement agency,” and “prohibited agency”; prohibit a law enforcement agency from using a drone to gather evidence or other information; provide exceptions; prohibit use of evidence obtained in violation; provide that the Act may be cited as the “Citizens’ Freedom from Unwarranted Surveillance Act.”

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 7 - Representative Jeff Greer
(05/15/13)

AN ACT relating to confirmation of executive appointments.

Amend KRS 304.2-020 to delete the requirement for Senate confirmation of the Governor’s appointment of the commissioner of the Department of Insurance; and amend KRS 342.228 to delete the requirement for Senate confirmation of the Governor’s appointment of the commissioner of the Department of Workers’ Claims.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 9 - Representative Joni L. Jenkins
(09/09/13)

AN ACT relating to alcohol and drug counseling.

Create new sections of KRS 309.080 to 309.089 to establish the requirements for an applicant for registration as an alcohol and drug peer support specialist; mandate that an alcohol and drug peer support specialist complete 500 hours of board-approved experience with 25 hours under the direct supervision of a certified or licensed clinical alcohol and drug counselor with at least two years of post-certification or post-licensure experience; require an alcohol and drug peer support specialist to pass an examination approved by the board; mandate completion of three hours of domestic violence training, specify other hours of training required, and obligate applicant to live or work at least a majority of the time in Kentucky; mandate that a registered alcohol and drug peer support specialist comply with the requirements for the training program in suicide assessment, treatment, and management; establish requirements for an applicant for licensure as a licensed clinical alcohol and drug counselor with a 60 hour master’s degree, or a doctoral degree, including completion of 2,000 hours of board-approved experience, 300

hours of which is under direct supervision of a licensed clinical alcohol and drug counselor; require a licensed clinical alcohol and drug counselor to pass a written examination approved by the International Certification Reciprocity Consortium on Alcoholism and Drug Abuse; include requirement for three hours of domestic violence training and for an applicant to live or work at least a majority of the time in Kentucky; mandate that a licensed clinical alcohol and drug counselor comply with the requirements for the training program in suicide assessment, treatment, and management; direct the board to promulgate administrative regulations to define the registration process for applicants and for supervisors of record; establish supervision required for a practicing registered alcohol and drug peer support specialist; establish reciprocity; set up revolving fund; amend KRS 309.080 to define “licensed clinical alcohol and drug counselor,” “licensee,” “practice of alcohol and drug counseling,” “registered alcohol and drug peer support specialist,” and “registrant”; amend KRS 309.0813 to conform and to delete the requirement for the board to establish an examination committee to administer and evaluate the case method presentation and oral examination; add the requirement for the board to collect and deposit all fees, fines, and other moneys owed to the board into the State Treasury to the credit of a revolving fund; amend KRS 309.083 to change the requirements of supervision for a certified alcohol and drug counselor applicant, permitting supervision from a certified alcohol and drug counselor or licensed clinical alcohol and drug counselor with at least two years of post-certification or post-licensure experience; delete the requirement for a certified alcohol and drug counselor to pass an oral examination approved by the board; mandate three hours of domestic violence training for a certified alcohol and drug counselor; require a certified alcohol and drug counselor applicant to live or work at least a majority of the time in Kentucky; mandate that a certified alcohol and drug counselor comply with the requirements for the training program in suicide assessment, treatment, and management; amend KRS 309.084 to grant, upon application within 90 days from the effective date of this Act, licensure as a licensed clinical alcohol and drug counselor for a certified alcohol and drug counselor with a master’s degree or a doctoral degree meeting all requirements for the clinical designation except for the 60-hour requirement for the master’s degree and the examination; amend KRS 194A.540, 210.366, 222.005, 309.0805, 309.081, 309.085, 309.086, 309.087, and 309.089 to conform.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Licensing and Occupations

BR 11 - Representative John Tilley,
Representative Regina Bunch,
Representative Denver Butler,
Representative Kelly Flood,
Representative Martha Jane King,
Representative Sannie Overly,
Representative Brent Yonts (10/24/13)

AN ACT relating to domestic violence.

Amend KRS 403.720, relating to domestic violence orders, to include dating partners among the class of persons allowed to obtain domestic violence protective orders; amend KRS 403.735 to require the court, when a petition involves a minor, to impose conditions that cause the least disruption to education if the parties attend the same school system.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 23 - Representative Larry Clark,
Representative Jeffery Donohue
(07/12/13)

AN ACT relating to reporting on economic incentive programs.

Create a new section of Subchapter 12 of KRS Chapter 154 to require the cabinet to maintain a searchable electronic database containing information on the cost and status of economic incentive programs; specify programs and information to be included; apply to specified programs approved within last five years; require in addition a single annual written report for programs approved in preceding fiscal year; specify programs and information to be included; amend KRS 148.546, 148.8591, 154.12-100, 154.12-208, 154.12-278, 154.20-150, 154.27-050, and 154.31-030 to conform.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Economic Development and Tourism

BR 38 - Representative Kenny Imes
(11/14/13)

AN ACT relating to speed limits.

Amend KRS 189.390, relating to speed limits, to increase the maximum speed limit is 65 MPH on four-lane state highways that are not interstates or parkways.

(Prefiled by the sponsor(s).)

BR 40 - Representative Hubert Collins
(06/27/13)

AN ACT relating to driving under the influence.

Amend KRS 189.520, 189A.010, 189A.120, and 281A.2102 to move the per se DUI threshold from 0.08 to 0.05.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 41 - Representative Kelly Flood
(11/20/13)

AN ACT relating to public benefit corporations.

Amend KRS 271B.1-400, 14A.3-010, 271B.2-020, 271B.6-260, 271B.7-400, 271B.8-300, 271B.13-020, and 271B.16-210, and create a new section of subtitle 11 of KRS Chapter 271B to establish public benefit corporations.

(Prefiled by the sponsor(s).)

BR 42 - Representative Brent Yonts
(07/19/13)

AN ACT relating to the collection of delinquent taxes.

Amend KRS 44.030 and 131.560 to prohibit the offsetting of a person’s financial claim against the state or a local government, including claims for individual income tax refunds, to satisfy a delinquent property tax debt owed to the state or any local government if the 11-year period established for liens on the property on which the tax has become delinquent has expired; amend KRS 134.015 to extinguish the personal debt of a taxpayer for delinquent property taxes upon the expiration of the 11-year period established for liens on the property on which the taxes have become delinquent; amend KRS 134.490 to clarify that a third-party purchaser of a certificate of delinquency may institute an action to collect on the certificate anytime after the 1-year tolling period but prior to the 11-year period established in KRS 134.546; amend KRS 134.546 to provide that a certificate of delinquency becomes null and void 11 years from the date when the taxes became delinquent.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 43 - Representative Kim King
(10/18/13)

AN ACT relating to legislative procedures for state fiscal measures.

Create a new section of KRS Chapter 6 to require roll call votes on any appropriation or revenue-raising measure voted upon in the Senate or House or a committee thereof; require identification of appropriation or revenue measures as state fiscal measures by the Director of the Legislative Research Commission, or upon a determination by the Senate or House or a committee of either; require separate votes for appropriations or revenue measures; require committees to vote on appropriation and revenue measures by roll call votes.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 44 - Representative Kim King

<p>(10/18/13)</p> <p>AN ACT relating to foreign law. Create new sections of KRS Chapter 454 to establish legislative intent that the rights of an individual afforded under the Constitutions of the Commonwealth and the United States take precedence over the application of any foreign law in any judicial or quasi-judicial proceeding; define specific terms; strictly construe waivers of constitutional rights; provide exceptions for corporate entities; prohibit choice of venue outside of the Commonwealth or United States to preserve the constitutional rights of the person against whom enforcement is sought.</p> <p>(Prefiled by the sponsor(s).) To: Interim Joint Committee on Judiciary</p> <p>BR 45 - Representative Kim King (10/18/13)</p> <p>AN ACT relating to school notification of persons authorized to contact or remove a child. Create a new section of KRS Chapter 620 to require the Cabinet for Health and Family Services, if the cabinet is granted custody of a dependent, neglected, or abused child, to notify the school in which the child is enrolled of persons authorized to contact the child or remove the child from school grounds.</p> <p>(Prefiled by the sponsor(s).) To: Interim Joint Committee on Health and Welfare</p> <p>BR 46 - Representative Kim King (10/18/13)</p> <p>AN ACT proposing an amendment to Section 42 of the Constitution of Kentucky relating to compensation for members of the General Assembly. Propose to amend Section 42 of the Constitution of Kentucky to prohibit members of the General Assembly from receiving legislative pay for a special session that has been called by the Governor because the General Assembly adjourned without passing a state budget; submit to the voters with ballot question.</p> <p>(Prefiled by the sponsor(s).) To: Interim Joint Committee on State Government</p> <p>BR 47 - Representative Derrick Graham (12/13/13)</p> <p>AN ACT relating to the towing and storage of vehicles. Amend KRS 376.268 to define “contents” and “reasonable charges”; amend KRS 376.275, relating to towing and storage liens on motor vehicles, to allow the sale of a vehicle’s contents to satisfy a lien for towing and storage charges; allow for the return of some personal contents upon request by owner; provide that the storage or towing company is not responsible for contents to which it does not have access.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 53 - Representative Terry Mills (06/11/13)</p>	<p>AN ACT relating to problem, compulsive, or pathological gambling and making an appropriation therefor. Amend KRS 222.005 to define “pathological gambling” and “problem gambling”; create new sections of KRS Chapter 222 to establish the Problem and Pathological Gamblers Awareness and Treatment Program; direct the use of funds and limit annual administrative costs to \$200,000; establish the Gamblers Awareness and Treatment Program Advisory Council; establish the council’s membership and responsibilities; require the Cabinet for Health and Family Services to promulgate administrative regulations in collaboration with the council; establish a funding and application process, certify disbursement of funds, and require reports annually; assign responsibilities to the director of the Division of Behavioral Health; amend KRS 222.001 and 222.003 to conform; APPROPRIATION.</p> <p>(Prefiled by the sponsor(s).) To: Interim Joint Committee on Licensing and Occupations</p> <p>BR 54 - Representative Kenny Imes (11/14/13)</p> <p>A CONCURRENT RESOLUTION encouraging recognition of trapshooting as a high school sport. Encourage the Kentucky High School Athletic Association, local school districts, and schools to voluntarily promote trapshooting as a high school sport.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 61 - Representative David Floyd (11/26/13)</p> <p>A JOINT RESOLUTION designating the “Officer Jason Ellis Memorial Highway.” Designate the “Officer Jason Ellis Memorial Highway” in Nelson County.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 64 - Representative Fitz Steele, Representative Leslie Combs (07/11/13)</p> <p>AN ACT relating to coal severance revenues and declaring an emergency. Amend various sections in KRS Chapter 42 to distribute 100% of coal severance revenues among the coal producing counties on the basis of the tax collected on coal severed or processed in each respective county; amend KRS 143.090 and 164.7891 to make conforming changes; repeal KRS 42.490; EMERGENCY.</p> <p>(Prefiled by the sponsor(s).) To: Interim Joint Committee on Appropriations and Revenue</p> <p>BR 76 - Representative Brent Yonts (12/13/13)</p> <p>AN ACT relating to the Code of Legislative Ethics. Amend KRS 6.611 to implement the “no cup of coffee” rule for legislators, limit allowable payments for attendance of individual legislators to events held in-state, define “in-state” and include</p>	<p>administrative regulations and legislative proposals not introduced in the General Assembly to the definition of “legislation”; amend KRS 6.747 to specify that the legislative agent or employer may not furnish out-of-state transportation or lodging for a legislator with certain exceptions; amend KRS 6.767 to prohibit a legislator, candidate, or campaign committee from accepting a campaign contribution from an executive agency lobbyist, or an employer of a legislative agent or executive agency lobbyist during a regular session of the General Assembly, except for a special election held during a regular session of the General Assembly; amend KRS 6.811 to prohibit a legislative agent or employer from giving anything of value to a legislative candidate, prohibit a legislative agent from soliciting, controlling, or delivering a campaign contribution, prohibit an employer of a legislative agent from making a campaign contribution to a legislator, candidate, campaign committee, or caucus campaign committee during a regular session of the General Assembly, and delete language allowing legislative agents and their employers to purchase food or beverages for legislators not to exceed \$100 (“no cup of coffee” rule); amend KRS 6.821 to conform, and to include the cost of advertising during a General Assembly by an employer of a legislative agent or their affiliates in the employer’s statement filed with the Legislative Ethics Commission..</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 78 - Representative Ron Crimm (07/19/13)</p> <p>AN ACT relating to the promotion of organ and tissue donation. Create a new section of KRS Chapter 141 to establish the employers’ organ and bone marrow donation tax credit; amend KRS 141.0205 to provide the ordering of the credit; declare short title to be the Living Organ and Bone Marrow Donor Assistance Act.</p> <p>(Prefiled by the sponsor(s).) To: Interim Joint Committee on Appropriations and Revenue</p> <p>BR 79 - Representative Ron Crimm (09/16/13)</p> <p>AN ACT relating to animals. Amend KRS 525.125, 525.130, and 525.135 to forfeit ownership of animals involved in cruelty and torture cases and prohibit ownership or possession of animals of the same species for two years.</p> <p>(Prefiled by the sponsor(s).) To: Interim Joint Committee on Judiciary</p> <p>BR 86 - Representative David Floyd (12/10/13)</p> <p>AN ACT relating to a sales and use tax exemption for firearms. Amend KRS 139.480 to exempt the sale or purchase of rifles, shotguns, handguns, and other firearms that are permitted to be purchased under federal law and KRS 237.020; provide that the exemption applies to sales and purchases made prior to June 30, 2018; EFFECTIVE August 1, 2014.</p>	<p>(Prefiled by the sponsor(s).)</p> <p>BR 89 - Senator Tom Buford (12/12/13)</p> <p>A CONCURRENT RESOLUTION directing the staff of the Legislative Research Commission to study the potential use of an electronic health records system by the state to allow medical professionals instant access to medical histories of state employees, retirees, and Medicaid recipients. Direct the staff of the Legislative Research Commission to study the potential use of an electronic health records system by the state to allow medical professionals instant access to medical histories of state employees, retirees, and Medicaid recipients.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 92 - Senator Tom Buford (12/11/13)</p> <p>AN ACT relating to the transportation of household goods. Amend KRS 281.624 to establish procedures for the issuance of household goods certificates; direct the Transportation Cabinet to promulgate administrative regulations; amend KRS 281.625 to exempt applicants for a household goods certificate from notification requirements and the protest process; require the Transportation Cabinet to issue a certificate if an applicant satisfies certification requirements; amend KRS 281.630 to delete transporters of household goods; amend KRS 281.620 and 281.650 to establish \$250 fee for initial certificate and renewal; create a new section of KRS 281 to require background checks on employees of household goods certificate holders; direct the Transportation Cabinet to promulgate administrative regulations.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 93 - Representative Jeffery Donohue (12/12/13)</p> <p>AN ACT relating to public procurement. Create new section of KRS Chapter 45A making findings of the General Assembly and establishing policy of the Commonwealth of Kentucky to promote the Kentucky and United States economies by requiring a preference for iron, steel, and manufactured goods produced in Kentucky and the United States; create new section of KRS Chapter 45A defining “manufactured in Kentucky”, “manufactured in the United States”, “Kentucky”, and “United States”, require preference for iron, steel, and manufactured goods made in Kentucky in construction and maintenance contracts and subcontracts, provide for a waiver of the Kentucky preference requirement, require preference for iron, steel, and manufactured goods made in the United States if the Kentucky waiver is granted, and provide for a waiver of the United States preference requirement; create a new section of KRS Chapter 45A establishing a short title of “Kentucky Buy American Act”; amend KRS 45A.343, 45A.352, 65.027, 162.070, 164A.575, 176.080, and 424.260 to require compliance with the “Kentucky Buy American Act”.</p> <p>(Prefiled by the sponsor(s).)</p>
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BR 99 - Representative Lynn Bechler (08/20/13)

AN ACT relating to motor fuels taxes.

Amend KRS 138.210 to remove any adjustment to the “average wholesale price” without the direct action of the General Assembly.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 100 - Senator John Schickel (09/17/13)

AN ACT relating to naloxone.

Amend KRS 217.186 to allow peace officers, firefighter, paramedics, and emergency medical technicians to use naloxone at the scene of a narcotic drug overdose.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 108 - Representative Larry Clark (11/20/13)

AN ACT proposing an amendment to Section 226 of the Constitution of Kentucky relating to casino gaming.

Propose to amend Section 226 of the Kentucky Constitution to allow the General Assembly to permit casino gaming by general laws that shall also strictly regulate casino gaming; submit to voters.

(Prefiled by the sponsor(s).)

BR 109 - Representative Larry Clark (11/20/13)

AN ACT relating to gaming and making an appropriation therefor.

Establish KRS Chapter 239 and create new sections thereof to enumerate legislative findings and declarations; define terms, to include “adjusted gaming receipts,” “affiliate,” “applicant,” “casino game,” “casino license,” “casino licensee,” “casino gaming,” “cheat,” “commission,” “control,” “county,” “electronic gaming device,” “gaming facility,” “gaming licensee,” “gaming supplies and equipment,” “gross gaming receipts,” “occupational license,” “racing association casino licensee,” “supplier,” and “wager”; create the Kentucky Gaming Commission and establish its membership; establish the operating procedures for the commission; establish the commission’s powers and duties, including the authority to promulgate administrative regulations, inspect premises, issue subpoenas, administer oaths, initiate disciplinary action against applicants and licensees, and employ investigators; prohibit commissioners from engaging in off-the-record communication with applicants; require a continuing study of all aspects of gaming; require an executive director to be appointed by the Governor; establish casino license and criteria for casino location; establish requirements for casino licensure; specify information to be required on a casino license application; establish requirements for a racing association casino license; specify information to be required on a racing

association casino license application; permit issuance of a temporary racing association casino license; require a racing association with a casino license to hold as many races as it held in 2014; specify exceptions to requirement; mandate that collective bargaining agreements in effect at racing associations shall also be in effect at casinos established at racing association casino; require supplier license for persons manufacturing, designing, assembling, selling, leasing, distributing, installing, or otherwise furnishing gaming supplies and equipment; grant commission authority to issue, not issue, renew, suspend, or revoke a supplier license, or to issue a temporary license; establish requirements for all suppliers; require occupational licensure for select employees of gaming facility and specify requirements for occupational licensure; grant commission authority to issue, not issue, renew, suspend, or revoke an occupational license, or to issue a temporary license; limit the number of issued and effective licenses to 5 racing association casino licenses and 3 casino licenses at any one time; establish a competitive selection process for selection of applicants for casino licenses; establish initial casino and initial racing association casino license fees of fifty million dollars; establish fees for license application, license renewal, supplier’s license fees and occupational license fees; provide for an appeal process; establish requirements for gaming licensees including purchase of games and supplies, personnel, security, and reporting requirements; require the commission to establish minimum standards for gaming licensees relating to fiscal protection and control, financial reporting, and auditing; permit exclusion or ejection of certain persons and establish conditions for exclusion or ejection; exempt casino games or supplies licensed under provisions of this Act from 15 U.S.C. sec. 1172; prohibit any person under the age of 21 from placing a wager at a casino or accessing a casino gaming facility; prohibit cheating and establish penalties for cheating; establish the Kentucky gaming account and direct all wagering taxes levied by this Act to be deposited within; direct disbursements from the fund to the Kentucky compulsive gamblers assistance account, early childhood, primary, secondary, and postsecondary education, the Kentucky public pension stabilization fund, host jurisdictions, the Kentucky municipal public safety account, the Kentucky county public safety account, and the prevention and treatment of drug and alcohol abuse; retain 25% for appropriation by the General Assembly; create the Kentucky municipal public safety account and specify the distribution of funds from the account; establish the Kentucky county public safety account and specify the uses of funds dedicated to it; stipulate that gaming facilities are permissible uses at racetracks and casino facilities not located at racetracks shall be permitted uses in all zones which allow sports, entertainment, recreation, or retail facilities of a similar size; establish a set-aside amount for racing association casino licensees and specify the distribution of the funds for horse industry-related topics; require an annual audit of each racing association casino licensee; create a new

section of KRS Chapter 138 to establish a tax rate of 25% for the first three years of a racing association casino licensee, increasing to 30% thereafter; establish a tax rate of 39.5% for the first three years of a casino gaming facility, increasing to 44.5% thereafter; create a new section of KRS Chapter 222 to establish the Kentucky compulsive gamblers assistance fund and specify use of funds; create a new section of KRS Chapter 61 to establish the Kentucky public pension stabilization fund and specify use of funds; amend KRS 243.500 and 243.505 to allow alcohol sales at a casino; amend KRS 525.090 to conform; amend KRS 528.010 to exempt licensed casino gaming from the definition of “advancing gambling activity,” “gambling,” “gambling device,” and “profiting from gambling activity”; amend KRS 528.100 to conform; amend KRS 15.380, relating to training of officers, to include Kentucky gaming commission employees; amend KRS 12.020 to place the Kentucky gaming commission under the Public Protection Cabinet for administrative purposes; amend KRS 372.005 to conform; amend KRS 68.180, 68.197, 91.200, 92.281, and 93.300 to exempt gaming receipts from local licensing taxes; create a noncodified section to establish severability; effective upon certification of election results in November 2014 if a constitutional amendment is enacted by the General Assembly and approved by the voters permitting the General Assembly to authorize casino gaming.

(Prefiled by the sponsor(s).)

BR 110 - Senator Tom Buford (12/12/13)

AN ACT relating to acupuncture.

Amend various sections of KRS 311.671 to 311.686 to change acupuncture from a certified to a licensed profession.

(Prefiled by the sponsor(s).)

BR 114 - Representative Kenny Imes (12/13/13)

AN ACT relating to private development on state property.

Amend KRS 56.515 to allow private development on land governed by the Department of Parks by authorizing a private developer to lease park land, to finance the development of the land by mortgaging the leasehold interest, and to operate the development, and require the private developer to pay all taxes and insurance on the development in addition to lease payments to the state.

(Prefiled by the sponsor(s).)

BR 116 - Representative Rick G. Nelson (08/13/13)

AN ACT relating to sales and use tax holidays and declaring an emergency.

Create a new section of KRS Chapter 139 to establish a three-day sales and use tax holiday the first weekend in August each year to exempt clothing, school supplies, school art supplies, computers, and school computer supplies; EMERGENCY.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 117 - Representative Rick G. Nelson (08/08/13)

AN ACT relating to the employment of public school teachers.

Amend KRS 160.345 to require teacher vacancies to be filled by qualified teachers certified through a regular certification program before considering applicants certified through an alternative certification program.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 118 - Representative Fitz Steele, Representative Julie Raque Adams (08/20/13)

AN ACT relating to sales and use tax holidays and declaring an emergency.

Create a new section of KRS Chapter 139 to establish a three day sales and use tax holiday the first weekend in August each year to exempt clothing, school supplies, school art supplies, computers, and school computer supplies; EMERGENCY.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 119 - Representative Fitz Steele (08/20/13)

AN ACT relating to dextromethorphan abuse.

Create new sections of KRS Chapter 218A to prohibit any person from possessing one gram or more of pure dextromethorphan or dextromethorphan that has been extracted from solid or liquid form; prohibit sale of products containing dextromethorphan as the only active ingredient to individuals younger than 18; require any person selling a product containing dextromethorphan to require that prospective buyers show a photo ID and sign a document stating the customer is older than 18 before purchase; create an affirmative defense for the retailer if a minor utilizes a fraudulent ID; prohibit individuals younger than 18 from misrepresenting their age and from utilizing a fraudulent ID to purchase or obtain dextromethorphan; establish penalties for violation.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 121 - Representative Tom Burch (09/12/13)

AN ACT relating to consolidated local government funds.

Create a new section of KRS Chapter 67C to define “discretionary funds” and to require any discretionary fund expenditures to be distinctly specified in the budget ordinance or budget amendment ordinance of the consolidated local government before expenditure.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Local Government

BR 123 - Representative Terry Mills (09/19/13)

AN ACT relating to injury prevention and making an appropriation therefore.

Amend KRS 189.292, prohibiting texting while driving, to prohibit the entering of a telephone number or name into a personal communication device in order to place a call while driving a vehicle in a highway work zone or school zone; amend KRS 189.990(30) to make technical corrections; increase the fines for violations of Section 1 of the Act and KRS 189.294 to \$50 for the first offense and \$100 for subsequent offenses; direct that 50% of the fines collected for violations of these offenses be directed to the Kentucky Injury Prevention and Research Center at the University of Kentucky and appropriate the funds for the purpose of injury prevention research; APPROPRIATION.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Transportation

BR 126 - Representative Mike Harmon (09/27/13)

AN ACT relating to driving under the influence.

Amend various sections in KRS Chapter 189A, relating to driving under the influence, to restructure the existing penalties from a four-tiered structure to a three-tiered structure; expand the look-back window for prior offenses from five years to ten years, and to allow forfeiture of motor vehicles used in a DUI if the operator's license had been previously suspended; amend KRS 281A.2102 to conform.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 127 - Representative Mike Harmon (09/27/13)

AN ACT relating to elections.

Amend KRS 118.127 to permit a slate of candidates for Governor and Lieutenant Governor to appear on the ballot only in the general election, not in the primary; require a party's nominee for Governor to designate his or her nominee for Lieutenant Governor no later than the fourth Tuesday following the primary; if this designation is not filed, require the governing authority of the party to name the candidate for Lieutenant Governor; set forth the oath to be sworn by a slate of candidates; create a new section of KRS Chapter 118 to allow a candidate for Governor to designate a replacement if the candidate for Lieutenant Governor dies, is disqualified, or is disabled; amend KRS 121.015 to redefine "slate of candidates"; amend KRS 117.275, 118.025, 118.105, 118.125, 118.245, 120.055, 120.095, and 121.170 to conform; repeal KRS 118.227.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 129 - Senator Jimmy Higdon (10/03/13)

AN ACT relating to eminent domain.

Amend KRS 278.502 to allow

eminent domain to be used only in cases where the condemnor is a utility regulated by the Public Service Commission.

(Prefiled by the sponsor(s).)

To: Energy Special Subcommittee

BR 132 - Senator Jared Carpenter (09/06/13)

AN ACT related to anti-bullying.

Create a new section in KRS Chapter 2 designating October as Anti-Bullying Month in Kentucky and a purple and yellow ribbon as the symbol for anti-bullying awareness.

(Prefiled by the sponsor(s).)

BR 138 - Representative Wilson Stone (08/23/13)

AN ACT relating to TVA in-lieu-of-tax payments, making an appropriation therefor, and declaring an emergency.

Amend KRS 96.895 to provide that, beginning in fiscal year 2014-2015, a portion of the Tennessee Valley Authority in-lieu-of-tax payment made to the Commonwealth and deposited into the general fund shall be transferred to the regional development agency assistance fund to be distributed among fiscal court-designated local industrial development authorities for economic development and job creation activities; provide that the transfer will not affect the portion of the total TVA payment that is currently distributed among local government entities; provide that these transfers will be phased-in over a five-year period, with an amount equal to 50 percent of the general fund portion of the total TVA annual payment being transferred in fiscal year 2018-2019, and each fiscal year thereafter, not to exceed \$6,000,000 each year; APPROPRIATION; EMERGENCY.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 140 - Representative Rick G. Nelson (08/28/13)

AN ACT relating to firefighters.

Create a new section of KRS Chapter 95 establishing a rebuttable presumption that cancer, resulting in either temporary or permanent disability or death, is an occupational disease for full-time firefighters; establish the guidelines for compensation; establish the types of carcinogens associated with specific types of cancers.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Labor and Industry

BR 145 - Representative Brad Montell (12/12/13)

AN ACT relating to vehicles.

Amend KRS 189.520 to define operation of a vehicle as having physical control of the steering and braking if the vehicle is not a motor vehicle; exclude a person using muscular power to propel a vehicle from this definition of "operate" if that person is not in physical control of the steering or braking of the vehicle; amend KRS 222.202 to exempt from the definition of drinking in a public place any person who is using muscular power to

propel but not operate a passenger coach or other passenger vehicle.

(Prefiled by the sponsor(s).)

BR 147 - Representative Hubert Collins (12/12/13)

AN ACT relating to the disposal of vehicles forfeited to law enforcement agencies.

Amend KRS 218A.420, regarding the disposition of forfeited property, to clarify that any vehicle forfeited which is contaminated with methamphetamine shall not be used, resold, or salvaged for parts, but shall instead be destroyed or salvaged for scrap metal.

(Prefiled by the sponsor(s).)

BR 148 - Representative Hubert Collins (12/12/13)

AN ACT relating to the valuation of motor vehicles for property tax purposes.

Amend KRS 132.485 to clarify the standards for appraising the fair cash value of motor vehicles that are 20 years old or older, for property tax purposes, by providing that no vehicle of said age shall be presumed to have been maintained or restored to either the original factory condition or any otherwise classic condition unless information is available that warrants that finding, and also by establishing the standard value of said vehicles as being either the actual valuation of a vehicle in its nineteenth year for vehicles assessed for taxation in the Commonwealth in that year, or the clean trade-in value prescribed by the applicable edition of the valuation manual prescribed by the Department of Revenue for a vehicle in its nineteenth year if the vehicle was not assessed in the Commonwealth in that year, reduced by ten percent annually for each year beyond 19 years, unless information is available that warrants any deviation from that standard value; make technical corrections; declare that the Act shall apply to motor vehicles assessed on or after January 1, 2015.

(Prefiled by the sponsor(s).)

BR 150 - Senator Robin L. Webb (12/12/13)

AN ACT relating to sales and use tax exemptions for the equine industry.

Amend KRS 139.531 to exempt from sales and use tax the sales of machinery, machinery attachments, repair parts, replacement parts, feed and feed additives, water, farm chemicals, on-farm equine facilities, fuel to operate farm machinery and on-farm equine facilities, seed and commercial fertilizer, if the property is purchased by a person regularly engaged in the occupation of breeding, raising, training, racing, or exhibiting equine as a business and the property is exclusively and directly used in that occupation; amend KRS 139.470 to conform; EFFECTIVE August 1, 2014.

(Prefiled by the sponsor(s).)

BR 152 - Representative Jim Wayne (09/30/13)

AN ACT relating to tax credits

for noise abatement.

Create a new section of KRS Chapter 141 to establish a tax credit for noise insulation installed in a residential structure that is located within a designated airport noise contour; amend KRS 141.0205 to recognize credits.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 155 - Representative Sal Santoro, Representative Larry Clark (10/10/13)

AN ACT relating to electrical inspections.

Create new sections of KRS Chapter 227A to specify contents of an electrical permit and stipulate that applying for a permit implies consent to an electrical inspection; require the Department of Housing, Buildings and Construction to appoint and assign electrical inspectors to each county; permit the department to allow local governments to administer inspection program; require certain work conducted by an electrical utility on customer's property to be performed by an electrician or master electrician; repeal sections of KRS Chapter 227 and reenact as new sections of KRS Chapter 227A with specified changes; reenact and amend KRS 227.460 to provide for electrical inspections by the department if a city fails to establish an authorized program; reenact and amend KRS 227.480 to allow permit applications to be submitted the following day in emergency situations; exempt homeowners doing work on their own homes; require the department to promulgate regulations describing circumstances where inspections are required; reenact and amend KRS 227.487 to allow local programs with a fee schedule established as of January 1, 2014, to continue, and to specify requirements for electrical work requiring a permit; reenact and amend KRS 227.489 to conform; reenact and amend KRS 227.491 to specify recordkeeping requirements by inspectors; reenact and amend KRS 227.492 to conform; reenact and amend KRS 227.495 to give inspectors the authority to pull an electrical service under certain conditions; specify scheduling requirements for inspection; provide permit holder appeal rights; reenact and amend KRS 227.530 to assign the Electrical Advisory Committee to the Electrical Division and appoint the commissioner to the committee; amend KRS 227A.010 to define "alteration," "commissioner," "division," "electrical inspector," "electrical system," and "repair"; amend KRS 227A.030 to conform; amend KRS 227A.050 to specify use of funds in the trust and agency account for the administration and enforcement responsibilities of the division; amend KRS 227A.130 to allow local governments to fix penalties for violations and to establish fines for violation of the chapter; amend KRS 198B.060 to allow local governments to petition for authority to approve electrical permits if the provisions of KRS Chapter 227A are met; amend KRS 211.350 and 227.205 to conform; repeal KRS 132.815, 227.450, and 227.500.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on

BR 157 - Representative Steve Riggs (12/13/13)

AN ACT relating to regulation of local governmental affairs.

Amend KRS 244.290 to grant the legislative body of a city situated in the same county as a consolidated local government the separate and independent authority to establish the hours and times, including Sundays, in which distilled spirits and wine may be sold within its jurisdictional boundaries; declare that if a city exercises this power, no ordinance or part of an ordinance enacted by the consolidated local government on that issue will apply within that city; amend KRS 244.480 to clarify that these cities have the same powers and limitations regarding malt beverages.

(Prefiled by the sponsor(s).)

BR 158 - Representative Sannie Overly, Representative Tom Burch, Representative Denver Butler, Representative Leslie Combs, Representative Kelly Flood, Representative Joni L. Jenkins, Representative Reginald Meeks, Representative Terry Mills, Representative Jody Richards, Representative Gerald Watkins, Representative Jim Wayne, Representative Susan Westrom, Representative Brent Yonts (09/11/13)

AN ACT relating to the legislative branch of state government. Amend KRS 6.611 to implement the “no cup of coffee” rule for legislators, limit allowable payments for attendance of individual legislators to events held in-state, define “in-state” and include administrative regulations and legislative proposals not introduced in the General Assembly to the definition of “legislation”; amend KRS 6.701 to specify that sexual and workplace harassment information is to be part of the legislative ethics manual and training program, and specify that the training for legislators is to be conducted by an individual chosen by the deputy director of human resources; amend KRS 6.711 to specify that sexual and workplace harassment law and policy is to be part of the general curriculum of the legislative orientation courses, make sexual and workplace harassment training mandatory for legislators, specify that the training is to be conducted by a live presenter, expand the orientation training requirement to five hours, and require that two of the five hours of the orientation course is to be devoted to sexual and workplace harassment law and policy; amend KRS 6.716 to include updates on sexual and workplace harassment in the current issues seminar for legislators, and specify that one of the three hours of the current issues seminar is to be devoted to sexual and workplace harassment training; amend KRS 6.747 to specify that the legislative agent or employer may not furnish out-of-state transportation or lodging for a legislator with certain exceptions; amend KRS 6.767 to prohibit a legislator, candidate, or campaign committee from accepting a campaign contribution from an executive agency lobbyist, or an employer of a legislative agent or executive agency lobbyist during

a regular session of the General Assembly, except for a special election held during a regular session of the General Assembly; amend KRS 6.811 to prohibit a legislative agent or employer to give anything of value to a legislative candidate, prohibit a legislative agent from soliciting, controlling, or delivering a campaign contribution, prohibit an employer of a legislative agent from making a campaign contribution to a legislator, candidate, campaign committee, or caucus campaign committee during a regular session of the General Assembly, and delete language allowing legislative agents and their employers to purchase food or beverages for legislators not to exceed \$100 (“no cup of coffee” rule); amend KRS 6.821 to conform, and to include the cost of advertising during a General Assembly by an employer of a legislative agent or their affiliates in the employer’s statement filed with the Legislative Ethics Commission; create a new section of KRS Chapter 7 to require the Commission, with the assistance of the Personnel Cabinet, to establish a job classification and compensation system for non-partisan employees of the Commission by July 1, 2014, require non-partisan staff to be employed, promoted, disciplined, and dismissed in accordance with that system, allow non-partisan staff to appeal to the Kentucky Personnel Board, require that each non-partisan employee of the Commission have a personnel file that is accessible to the employee, and provide that nothing in this section shall grant rights under KRS Chapter 18A to employees of the Commission; create a new section of KRS Chapter 7 to define “sexual harassment” and “workplace harassment”, require the Commission to establish comprehensive policies and procedures to maintain a harassment-free workplace, require the Commission to employ a deputy director for human resources upon recommendation of the director who may only be dismissed by the Commission, provide for partisan staff to make complaints under this section, require complaints of workplace harassment to be investigated and the findings and recommendations made in a written report to the Commission, prohibit the Commission from providing staff support for a member of the Senate or House, or anyone directly employed by the Senate or the House, who has not consented in writing to be bound by the policies and procedures regarding sexual and workplace harassment; amend KRS 7.090 to require employment of personnel by the Commission to be in accordance with the job classification and compensation system; amend KRS 18A.030 to require the secretary of the Personnel Cabinet to assist the Commission in establishing a job classification and compensation system; amend KRS 18A.075 to the require the Kentucky Personnel Board to assist the Commission in establishing a job classification and compensation system; require the Commission to contract with an external entity within 10 days of enactment of this legislation to evaluate all facets of the policies, procedures, and culture of all Commission staff, require certain experience of the outside entity, and require the entity to recommend best practice in accordance with the

requirements of this Act; EMERGENCY. (Prefiled by the sponsor(s).)
To: Interim Joint Committee on State Government

BR 163 - Senator Robin L. Webb (11/07/13)

AN ACT relating to the donation of game meat.

Create a new section of KRS Chapter 217 to define “not-for-profit organization” and “wildlife”; prohibit state and local government entities from restricting the donation of game meat to or from not-for-profit organizations for the purpose of free meal distribution; require that the game meat be from wildlife that was taken in the Commonwealth, properly field dressed and processed, and apparently disease-free and unspoiled.

(Prefiled by the sponsor(s).)

BR 164 - Representative Rick G. Nelson (09/19/13)

AN ACT relating to probation and parole officers.

Amend KRS 439.310 to require that probation and parole officer staffing levels allow for an active supervision ratio of no greater than 50 offenders per officer.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 166 - Representative Kevin Sinnette (12/13/13)

AN ACT relating to boat dock and marina safety.

Create a new section of KRS Chapter 235 to establish standards for marina and boat dock owners and operators to prevent electrical shocks to persons in boats, in water, and on docks around the marina; prohibit swimming within 50 yards of a boat dock or marina, except for reasons of search and rescue; exempt boat dock or marina owners or operators who are in compliance from criminal or civil liability for injuries resulting from unauthorized swimming within the restricted 50-yard area; require marina and boat dock compliance by August 1, 2015; amend KRS 235.010 to amend the definition of “marina” to include a boat dock; establish definitions for “boat dock” and “boat dock or marina owner or operator”; amend KRS 235.200 to require any equipment meeting the American Boat and Yacht Council standards to protect the public from electrical shocks; require electrical wiring onboard a vessel to be performed by a licensed electrician; amend KRS 235.990 to establish penalties for violations.

(Prefiled by the sponsor(s).)

BR 168 - Representative John Tilley (09/16/13)

AN ACT relating to eminent domain.

Amend KRS 278.502 to condition the exercise of condemnation authority upon approval of the Public Service Commission, which may be given only after review of delineated statutory criteria.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Energy Special Subcommittee

BR 173 - Representative Jesse Crenshaw (09/26/13)

AN ACT proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote.

Propose to amend Section 145 of the Constitution of Kentucky to allow persons convicted of a non-violent, non-sexual felony the right to vote after expiration of probation, final discharge from parole, or maximum expiration of sentence; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 174 - Senator John Schickel (09/30/13)

AN ACT relating to school funding.

Amend KRS 157.310 to clarify the intention of the General Assembly that no mandate be placed on the public schools without program funding to carry out the mandate; require legislation relating to the public schools that includes a fiscal note pursuant to KRS 6.955 or a state mandate pursuant to KRS 6.965 to include provision for funding that is adequate for compliance with the mandate; clarify that no school district shall be compelled to comply with mandated enactments of the General Assembly that do not provide adequate funding; specify that this amendment does not relieve a school district from the obligation to comply with state or federal laws relating to health, safety, or civil rights.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 176 - Senator John Schickel (09/30/13)

A RESOLUTION adjourning the Senate in honor of Dr. Julie Metzger Aubuchon upon being named Kentucky Optometrist of the Year.

Adjourn in honor of Dr. Julie Metzger Aubuchon upon being named Kentucky Optometrist of the Year.

(Prefiled by the sponsor(s).)

BR 177 - Representative Darryl T. Owens (11/19/13)

AN ACT relating to criminal records.

Amend KRS 431.076 to expand the scope of an expungement motion under that statute to include felonies referred to a grand jury where no indictment ensues; amend KRS 431.078 to expand that statute’s expungement process to include Class D felonies; create a new section of KRS Chapter 431 to establish various protections for persons whose records have been expunged; create a new section of KRS Chapter 431 to establish standards for commercial criminal record history providers; amend KRS 527.040 to expressly provide that an expunged felony does not trigger the application of that

statute.
(Prefiled by the sponsor(s).)

BR 181 - Representative Brad Montell (12/12/13)

AN ACT relating to charter schools and making an appropriation therefor.

Create new sections of KRS Chapter 160 to describe the intent of the General Assembly and the purposes of authorizing public charter schools; define terms; establish the Kentucky Public Charter School Commission and identify membership selection and responsibilities of members; outline the requirements and limitations on the establishment of charter schools including identification of charter school authorizers; describe responsibilities of authorizers; describe charter school application, renewal, and revocation processes; establish the Kentucky Public Charter School Commission trust fund and identify uses of the fund; create a new section of KRS Chapter 159 to identify student enrollment and withdrawal requirements to be followed by a charter school; create a new section of KRS Chapter 161 to identify employment conditions for charter school staff; create a new section of KRS Chapter 157 to require local, state, and federal funds to be distributed to charter schools using formulas and allocation processes used in public schools; amend KRS 161.220 to include a teacher employed by a board of directors of a public charter school as a member within the state retirement system; amend KRS 161.220 to include employees of boards of directors of public charter schools in the state-sponsored retirement system.
(Prefiled by the sponsor(s).)

BR 184 - Senator John Schickel, Senator Christian McDaniel (10/08/13)

A RESOLUTION adjourning the Senate in honor and loving memory of Henry Lawson Walker II.
Adjourn in honor and loving memory of Lawson Walker II.
(Prefiled by the sponsor(s).)

BR 189 - Senator Ray S. Jones II (10/22/13)

AN ACT relating to commercial vehicle enforcement officers.
Amend KRS 16.191 to require that Commercial Vehicle Enforcement Officers are paid equally to Kentucky State Police Officers with the equivalent rank, grade, and position; provide short title.
(Prefiled by the sponsor(s).)
To: Interim Joint Committee on State Government

BR 194 - Representative Kevin D. Bratcher (10/22/13)

A JOINT RESOLUTION directing the Kentucky Law Enforcement Council to study current and needed post-traumatic stress disorder training, policies, and resources for peace officers.

Direct the Kentucky Law Enforcement Council to study current and needed post-traumatic stress disorder training, policies, and resources for peace officers; require a report to the Legislative Research Commission by November 1, 2014.
(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 208 - Representative Jody Richards (12/13/13)

AN ACT relating to local government.
Amend KRS 67.045 to allow county governments to defer redistricting until after the General Assembly has redistricting the Kentucky senatorial and representative districts, provided proceedings are begun no later than May of the third year following each decennial census; amend KRS 67C.135 to allow consolidated local governments to defer redistricting until after the General Assembly has redistricting the Kentucky senatorial and representative districts, provided proceedings are begun no later than May of the third year following each decennial census; amend KRS 67.050 and KRS 67C.103 to conform.
(Prefiled by the sponsor(s).)

BR 211 - Senator Gerald A. Neal (10/15/13)

AN ACT proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote.
Propose to amend Section 145 of the Constitution of Kentucky to allow persons convicted of a felony other than treason, intentional killing, a sex crime, or bribery the right to vote after expiration of probation, final discharge from parole, or maximum expiration of sentence; submit to the voters for ratification or rejection.
(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 217 - Representative Terry Mills (10/23/13)

AN ACT relating to disabled parking placards.
Amend KRS 189.456 to add advanced practice registered nurse to those who may submit a statement of disability for an accessible parking placard.
(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Transportation

BR 218 - Representative Jody Richards (12/10/13)

AN ACT relating to financial responsibility of motor vehicle operators.
Create a new section of KRS Chapter 189 to define “expenses of an emergency response,” “public agency,” and “reasonable costs”; require a driver who drives on a highway that has been barricaded due to flooding be held liable for the costs of rescue or recovery; allow a driver convicted of violating KRS 189.290 for driving on a highway that is flooded to be held liable for the costs of rescue or

recovery; limit liability under this section to \$2,000; allow insurance policies to exclude coverage for a person’s liability under this section; amend KRS 189.290 and 39F.120 to conform.
(Prefiled by the sponsor(s).)

BR 219 - Representative Rita Smart (10/11/13)

AN ACT relating to anti-bullying.
Create a new section of KRS Chapter 2 to designate October as Anti-Bullying Month in Kentucky; designate a purple and yellow ribbon as the symbol for anti-bullying awareness.
(Prefiled by the sponsor(s).)
To: Interim Joint Committee on State Government

BR 220 - Senator John Schickel (10/14/13)

A RESOLUTION honoring Mann Elementary School on being selected as a 2013 National Blue Ribbon School.
Honor Mann Elementary School on being named a 2013 National Blue Ribbon School.
(Prefiled by the sponsor(s).)

BR 221 - Senator John Schickel (10/21/13)

A RESOLUTION adjourning the Senate in honor and loving memory of Milton J. Roth.
Adjourn in honor and loving memory of Milton J. Roth.
(Prefiled by the sponsor(s).)

BR 222 - Representative Jim Wayne (10/18/13)

AN ACT relating to tolls.
Create a new section of KRS Chapter 141 and amend KRS 141.0205 to create a refundable income tax credit for eligible persons who pay tolls to commute to work across an Ohio River bridge; create a new section of KRS Chapter 175B to establish an exclusion for tolls for mass transit vehicles operated by a public agency or a subsidiary of a municipal government; create a new section of KRS Chapter 141 to require a transfer from the road fund to the general fund for the amount of toll credit allowed.
(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Appropriations and Revenue

BR 224 - Representative Mike Denham (12/02/13)

AN ACT relating to Transportation.
Amend KRS 189.030 to require the illumination of headlights on motor vehicles with a model year of 2000 or newer during any period of precipitation that necessitates the use of windshield wipers by motorists; amend KRS 189.90 to specify that there will be a courtesy warning period until July 1, 2015; establish fine range of \$20 to \$100; specify that no court costs or points will be imposed.
(Prefiled by the sponsor(s).)

BR 226 - Representative John Short

(12/13/13)

A JOINT RESOLUTION designating the “Robert R. Thornsberry Bridge” in Knott County.
Direct the Transportation Cabinet to erect signs naming the bridge at the intersection of Kentucky Route 15 and Kentucky Route 1231 in Knott County, that read the “Robert R. Thornsberry Bridge.”
(Prefiled by the sponsor(s).)

BR 228 - Representative John Short (12/13/13)

AN ACT relating to judicial circuits.
Amend KRS 23A.040 to add a second judge to the Thirty-sixth Judicial Circuit; provide that the election to fill the new judgeship shall be conducted in November, 2014, and that the term begins January 1, 2015.
(Prefiled by the sponsor(s).)

BR 230 - Representative Gerald Watkins (10/10/13)

AN ACT relating to cable television.
Create a new section of KRS Chapter 65 to require that any contract between a local government and a cable television service provider include a provision requiring the cable provider to offer access to channels individually.
(Prefiled by the sponsor(s).)
To: Energy Special Subcommittee

BR 231 - Representative Gerald Watkins (12/13/13)

AN ACT relating to mental health.
Amend KRS 202A.051 to require that a District Court consult with a family member or peace officer during proceedings for involuntary hospitalization; amend KRS 202A.171 to require that an authorizing physician consult with a family member and the District Court prior to discharge from involuntary hospitalization; amend KRS 202A.081 to require that all involuntarily hospitalized patients are ordered to receive community-based outpatient treatment for at least 6 months after release or discharge.
(Prefiled by the sponsor(s).)

BR 232 - Representative Gerald Watkins (11/08/13)

AN ACT relating to crimes and punishments.
Amend KRS 217.181, and various sections of KRS Chapter 514 to increase the threshold for felony theft to \$1000.
(Prefiled by the sponsor(s).)

BR 233 - Representative Gerald Watkins (11/08/13)

AN ACT relating to life imprisonment for persistent felony offenders.
Amend KRS 532.080 to increase the sentence to life without the possibility of parole for offenders with three or more convictions for Class A or B felonies or

capital offenses.
(Prefiled by the sponsor(s).)

BR 234 - Representative Gerald Watkins
(11/08/13)

AN ACT relating to parole.
Amend KRS 439.340 to allow the Governor to review parole orders issued by the Parole Board if review is requested by a victim.
(Prefiled by the sponsor(s).)

BR 235 - Representative Gerald Watkins
(11/08/13)

AN ACT relating to crimes and punishments.

Create a new section of KRS Chapter 218A to apply uniform penalty of mandatory drug treatment and community service to persons convicted of possessing certain drugs and paraphernalia; amend KRS 218A.140 to lower possession of counterfeit substances from a Class D felony to a Class A misdemeanor; amend KRS 218A.1415 to lower possession of a controlled substance from a Class D felony to a Class A misdemeanor; amend KRS 218A.1437 to lower possession of a methamphetamine precursor from a Class D felony to a Class A misdemeanor; amend KRS 218A.276 to require that defendants convicted of possession of a counterfeit substance under KRS 218A.140, marijuana pursuant to KRS 218A.1422, synthetic drugs pursuant to 218A.1430, methamphetamine precursors pursuant to 218A.1437, salvia pursuant to KRS 218A.1451, or drug paraphernalia pursuant to KRS 218A.500 complete a drug treatment program; amend KRS 218A.275 to require that defendants convicted of possession of a controlled substance under various sections of Chapter 218A complete a drug treatment program.
(Prefiled by the sponsor(s).)

BR 236 - Representative Gerald Watkins
(11/08/13)

AN ACT relating to crimes and punishments.
Amend KRS 532.110 to require sentences for multiple Class A, B, or C felonies to run consecutively.
(Prefiled by the sponsor(s).)

BR 237 - Representative Brent Yonts
(12/12/13)

AN ACT relating to transparency in employment rates and earnings.

Amend KRS 151B.133 to require the Office for Education and Workforce Statistics to disseminate, in cooperation with the Council on Postsecondary Education and the Department of Education, information concerning the employment rates and earnings by degrees and academic majors of graduates from the public universities; require the information to be posted on the Web sites of the Office for Education and Workforce Statistics, the Council on Postsecondary Education, and each public university, published in public university catalogues, and made available to every high school guidance and career counselor; amend KRS 151B.134 to ensure that the Board

of the Kentucky Center for Education and Workforce Statistics distributes information to appropriate personnel within the agencies represented on the board; amend KRS 164.020 to ensure that the Council on Postsecondary Education cooperates and the public universities participate in the creation of the information concerning the employment rates and earnings of graduates from the public universities for the purpose of comparison by level of degrees, academic majors, and public universities.
(Prefiled by the sponsor(s).)

BR 241 - Representative Robert Benvenuti
III (12/13/13)

AN ACT relating to health insurance coverage for public employees.
Amend KRS 6.237 and 11.065 to prohibit General Assembly members, the Governor, and the Governor's Executive Cabinet from receiving health insurance coverage and benefits through the state health plan effective January 1, 2015; provide that General Assembly members, the Governor, and the Governor's Executive Cabinet may purchase health insurance coverage through a state or federally operated health insurance exchange and receive a premium reimbursement up to \$175 per month; amend KRS 18A.225 and 18A.227 to conform.
(Prefiled by the sponsor(s).)

BR 242 - Representative Gerald Watkins
(11/08/13)

AN ACT relating to booking photographs.
Create a new section of KRS 61.870 to 61.884 to prohibit a person from using a booking photograph for a commercial purpose if that photograph will be posted in a publication or on a Web site, and the removal of the booking photograph requires the payment of a fee or other consideration; amend KRS 61.870 to define "booking photograph"; amend KRS 61.8745 to include the misuse of booking photographs as a violation.
(Prefiled by the sponsor(s).)

BR 243 - Representative Gerald Watkins
(11/08/13)

AN ACT relating to nuclear power.

Amend KRS 278.600 to define "storage" and require that nuclear power facilities have a plan for the storage of nuclear waste rather than a means for permanent disposal; amend KRS 278.610 to delete the requirement that the Public Service Commission certify the facility as having a means for disposal of high-level nuclear waste; change all references to the disposal of nuclear waste to the storage of nuclear waste; prohibit construction of low-level waste disposal sites in the Commonwealth, except as provided in KRS 211.852; require the Public Service Commission to determine whether the construction or operation of a nuclear power facility, including one constructed by entities regulated under KRS Chapter 96, would create low-level nuclear waste or mixed wastes that would be required to be disposed of in low-level waste disposal

sites in the Commonwealth; repeal KRS 278.605.
(Prefiled by the sponsor(s).)

BR 247 - Representative Gerald Watkins
(11/08/13)

AN ACT relating to the disciplining of a child by a parent or legal guardian.
Create a new section of KRS Chapter 610 give civil and criminal immunity to parents and legal guardians who discipline a child.
(Prefiled by the sponsor(s).)

BR 248 - Representative Rick G. Nelson
(11/22/13)

AN ACT relating to the Department of Public Advocacy and making an appropriation therefor.
Create a new section of KRS Chapter 31 to establish caseload standards for public defenders with a contracting process established to handle excess caseload; amend KRS 186.574 to establish \$50 fee to be added to the costs of a county attorney traffic safety program to be used to support public defender contracting to handle excess caseload.
(Prefiled by the sponsor(s).)

BR 250 - Senator Ray S. Jones II
(10/18/13)

AN ACT relating to the Public Service Commission.
Amend KRS 278.050 to increase membership of the Public Service Commission (PSC) from three to seven commissioners; require an election of the commissioners in accordance with KRS Chapter 118; provide that initial election of PSC commissioners shall be at the regular election in November 2016; provide that each member of the commission shall be eligible for membership in the Kentucky Employees Retirement System as set forth in KRS 61.515 to 61.705; amend KRS 278.060 to change qualifications of the commissioners; amend KRS 278.120, 278.702, 11A.010, 11A.040, and 11A.050 to conform; repeal KRS 278.070.
(Prefiled by the sponsor(s).)
To: Special Subcommittee on Energy

BR 252 - Representative Robert Benvenuti
III (11/01/13)

AN ACT relating to the disclosure of public retirement information.
Amend KRS 61.661, 161.585, and 21.540 to require the Kentucky Retirement Systems, Kentucky Teachers' Retirement System, and the Judicial Form Retirement System, to disclose upon request the names, status, projected or actual benefit payments, and other retirement information of each member or recipient of a retirement allowance of the systems; require the systems to also make the information available on a searchable database on the systems' Web site or on a Web site established by the executive or judicial branch to provide government expenditure and salary data to the public.
(Prefiled by the sponsor(s).)

BR 254 - Senator John Schickel, Senator

Christian McDaniel (11/15/13)

A RESOLUTION honoring former Kentucky State Senator Joseph Meyer upon his retirement as Secretary of the Education and Workforce Development Cabinet.

Adjourn in honor of former Kentucky State Senator Joseph Meyer upon his retirement as Secretary of the Education and Workforce Development Cabinet.
(Prefiled by the sponsor(s).)

BR 257 - Representative David Floyd, Representative Kim King, Representative Mike Harmon (11/15/13)

AN ACT relating to eminent domain and declaring an emergency.
Amend KRS 278.502 to limit the scope of the eminent domain authority created by that section; declare amendments retroactive to October 1, 2013; EMERGENCY.
(Prefiled by the sponsor(s).)

BR 258 - Senator Jimmy Higdon
(12/04/13)

AN ACT relating to eminent domain and declaring an emergency.
Amend KRS 278.502 to limit the scope of the eminent domain authority created by that section; declare amendments retroactive to October 1, 2013; EMERGENCY.
(Prefiled by the sponsor(s).)

BR 260 - Representative Steve Riggs
(12/11/13)

AN ACT relating to employees of the Legislative Research Commission.
Amend KRS 7.090 to implement a work-related incentive program for employees of the Legislative Research Commission using an employee suggestion system.
(Prefiled by the sponsor(s).)

BR 263 - Representative Addia Wuchner
(12/13/13)

AN ACT relating to the carrying of concealed deadly weapons by retired peace officers.

Amend KRS 237.140, relating to concealed carry licenses for retired peace officers issued in conformity with the federal Law Enforcement Officers Safety Act to allow the annual license to be extended in yearly increments up to four times before a new license is issued; amend KRS 527.020 to allow LEOSA-certified retired peace officers to carry concealed deadly weapons under the same conditions as actively employed officers.
(Prefiled by the sponsor(s).)

BR 267 - Representative Jody Richards
(11/26/13)

AN ACT relating to the financial solvency of insurance companies.
Amend KRS 304.17A-527 to require a managed care plan to file copies of any terms and conditions required of a provider to participate in the network, on forms to be prescribed by administrative regulation promulgated by

the commissioner.
(Prefiled by the sponsor(s).)

BR 275 - Representative Jim Gooch Jr. (11/19/13)

AN ACT relating to utilities.
Create a new section of KRS Chapter 278 to require retail electric suppliers to maintain a 30-day supply of fuel for electricity generation.
(Prefiled by the sponsor(s).)

BR 289 - Representative Thomas Kerr (12/13/13)

AN ACT relating to trusts and estates.
Establish KRS Chapter 386B and create subchapters abd sections thereof to enact the Kentucky Uniform Trust Code; provide for the creation, administration, modification, termination, and validity of trusts; address definitions, general provisions, venue, jurisdiction, and administration of trusts; establish method of sending notice and waiving notice; allow trust matter to be commenced in District or Circuit Court; provide uniformity regarding representation in transactions or proceedings related to a trust; allow a minor, incapacitated person, unborn individual, or person whose identity is unknown to be represented and legally bound by another having a substantially identical interest with respect to a particular question or dispute in a trust matter; require that most trusts to have a definite beneficiary and, alternatively, allow and legitimize trusts for care of animals, charitable trusts, and trusts for a noncharitable purpose; allow the creation of a trust without a trust instrument; allow oral trusts; require clear and convincing evidence as the standard of proof for oral trusts; provide that courts may apply the doctrine of cy pres to a charitable trust when the charitable purpose is no longer obtainable and a comparable purpose may be selected; give express statutory direction for creditor’s claims and spendthrift and discretionary trusts; specify that a spendthrift provision in a trust restricts a beneficiary creditor from attaching the beneficiary’s interest in the trust until there is a distribution to the beneficiary; provide that a creditor shall not compel a trust to make a distribution to a beneficiary that is discretionary; forbid a beneficiary who owes child support, spousal maintenance, or a debt for services provided from relying on a trust’s spendthrift provisions to avoid attachment of that interest to the trust; recognize and define revocable trusts; require that a trust is revocable unless a trust instrument expressly provides that it is irrevocable; allow a settler, co-trustee, beneficiary or the court to request that a trustee be removed on the grounds of breach of trust; specify that a trustee is entitled to reasonable compensation and that a court may review and change a trustee’s compensation; enumerate the duties and powers of a trustee; require that an agent be held to a fiduciary standard of a trustee in accepting an appointment; set out provisions related to the liability of trustees and the rights of persons dealing with trustees; provide remedies for when there is a breach of

an obligation by a trustee; provide that in certain situations a trustee is immune from personal liability when doing business with others on behalf of the trust; specify that a breach of duty to the beneficiary invokes a court’s equity powers to compel performances; require that the provisions of Chapter 386B be applied and construed so as to promote uniformity among states; conform to federal requirements related to electronic signatures and records; specify the applicability of Chapter 386B ; amend andrepeal various sections of the Kentucky Revised Statutes to conform.
(Prefiled by the sponsor(s).)

BR 292 - Representative Martha Jane King (10/28/13)

AN ACT relating to tax credits for hiring legally blind or severely disabled individuals.
Create a new section of KRS Chapter 141 to provide a nonrefundable income tax credit for tax years beginning on or after January 1, 2015, for taxpayers who contract with a resident nonprofit organization for services performed by individuals who are legally blind or severely disabled; amend KRS 141.0205 to provide the order in which the credit may be claimed.
(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Appropriations and Revenue

BR 294 - Senator Alice Forgy Kerr (12/10/13)

AN ACT relating to the licensure of fee-based pastoral counselors.
Amend KRS 202A.400, 210.366, 335.600, 335.605, 335.610, 335.615, 335.620, 335.625, 335.630, 335.635, 335.640, 335.650, 335.699, and 645.020, and KRE 0506 to designate “licensed” pastoral counselors rather than “certified fee-based” pastoral counselors; authorized a board member whose term has expired to serve until his or her successor is appointed and qualified; allow certificate holders certified before January 1, 2015, to transition to licensure; prohibit the use of “LPC” or any similar abbreviation, or holding oneself out as having this status, by anyone except a licensed pastoral counselor.
(Prefiled by the sponsor(s).)

BR 298 - Senator John Schickel (12/13/13)

AN ACT relating to the prohibition against implementing the United Nations Agenda 21.
CreateanewsectionofSubchapter 1 of KRS Chapter 224 to prohibit a state agency or political subdivision of the state from implementing any part of the United Nations Agenda 21 that is contrary to the United States or Kentucky Constitution, or being a member of or expending any public funds on a group or organization that will implement any part of the United Nations Agenda 21.
(Prefiled by the sponsor(s).)

BR 302 - Representative Rick G. Nelson (11/15/13)

AN ACT relating to school-based decision making councils.

Amend KRS 160.345 to require the meetings of school-based decision making councils and council committees to be held at least one hour after the end of the school day.
(Prefiled by the sponsor(s).)

BR 317 - Representative Brent Yonts (12/12/13)

AN ACT relating to Legislative Research Commission staff.
Amend KRS 7.090 to limit raises for staff of the Legislative Research Commission to five percent within a 24 month period unless approved by the Legislative Research Commission; exempt cost-of-living increases authorized by the budget from the requirement; require the director of the Commission to prepare an official personnel policy manual; require that a copy be given to all employees or made available to them via the internal Legislative Research Commission Web site; amend KRS 7.410 to conform.
(Prefiled by the sponsor(s).)

BR 318 - Senator Christian McDaniel (12/13/13)

ANACT relating to the disclosure of public retirement information.
Amend KRS 61.661, 161.585, and 21.540 to require the Kentucky Retirement Systems, Kentucky Teachers’ Retirement System, and the Judicial Form Retirement System, to disclose upon request the names, status, projected or actual benefit payments, and other retirement information of each member or recipient of a retirement allowance of the systems.
(Prefiled by the sponsor(s).)

BR 320 - Senator John Schickel, Senator Christian McDaniel (12/02/13)

ANACT relating to trafficking in heroin.
Amend KRS 218A.1412 to require that persons who violate that section by trafficking in heroin be charged as Class C felons for the first offense and to require that those persons serve at least 50% of the sentence imposed for the violation before being released on probation or parole.
(Prefiled by the sponsor(s).)

BR 322 - Senator Alice Forgy Kerr (11/25/13)

ANACT relating to the Kentucky Board of Embalmers and Funeral Directors.
Amend KRS 316.170 to increase the amount of compensation members of the Kentucky Board of Embalmers and Funeral Directors may receive to a maximum of \$200 per day, the amount to be established in administrative regulation by the board.
(Prefiled by the sponsor(s).)

BR 323 - Representative Kevin D. Bratcher (11/13/13)

AN ACT relating to the board or barbering.
Amend KRS 317.470 to require an applicant for administrator of the

Kentucky Board of Barbering be a licensed barber after the effective date of this act.
(Prefiled by the sponsor(s).)

BR 328 - Senator John Schickel, Senator Damon Thayer (12/12/13)

ANACT relating to the Kentucky Thoroughbred development fund.
Amend KRS 230.400 to extend payments from the Kentucky thoroughbred development fund to nonclaiming maiden races and allowance optional claiming races and require the Kentucky Horse Racing Commission to establish requirements, conditions, and procedures for awarding payments.
(Prefiled by the sponsor(s).)

BR 334 - Representative Dennis Keene (11/19/13)

AN ACT relating to driving under the influence.
Amend various sections in KRS Chapter 189A relating to DUI to replace the current hardship license system with an ignition interlock licensing system.
(Prefiled by the sponsor(s).)

BR 335 - Representative Dennis Keene (11/19/13)

AN ACT relating to parental rights.
Create a new section of KRS 403.270 to 403.350 to provide that a person convicted of rape in the first degree shall have no parental or visitation rights with respect to any child born as a result of that sexual assault; create a new section of KRS Chapter 405 to conform.
(Prefiled by the sponsor(s).)

BR 336 - Representative Gerald Watkins (12/13/13)

AN ACT relating to private security officers.
Amend KRS 508.025 to classify an attempted or actual physical injury to a private security officer performing job-related duties as a third-degree assault.
(Prefiled by the sponsor(s).)

BR 340 - Representative Robert R. Damron (12/13/13)

AN ACT relating to safety in schools for students with diabetes.
Amend KRS 158.838 to permit student self-treatment of diabetes symptoms in school settings; require training to be consistent with training programs and guidelines developed by the American Diabetes Association; exempt trained staff from licensed health professional requirements; prohibit schools from preventing students from attending due to having diabetes or a seizure disorder.
(Prefiled by the sponsor(s).)

BR 343 - Senator Julie Denton (12/12/13)

AN ACT relating to safety in schools for students with diabetes.
Amend KRS 158.838 to permit student self-treatment of diabetes symptoms in school settings; require

schools to have two staff employees trained in diabetes symptom responses; require training to be consistent with training programs and guidelines developed by the American Diabetes Association; exempt trained staff from licensed health professional requirements; prohibit schools from preventing students from attending due to having diabetes or a seizure disorder.

(Prefiled by the sponsor(s).)

BR 344 - Representative Ryan Quarles (12/13/13)

AN ACT relating to youth employment.

Amend KRS 339.210, relation to employment of minors, to exclude service as a referee, umpire, or official for a youth athletic program from the definition of “gainful occupation.”

(Prefiled by the sponsor(s).)

BR 346 - Representative Sal Santoro (12/11/13)

AN ACT relating to working hours for minors.

Amend KRS 339.230 to permit minors over the age of 16 to work until 11 p.m. on days preceding a school day.

(Prefiled by the sponsor(s).)

BR 349 - Representative Ron Crimm (12/12/13)

AN ACT relating to sales and use tax.

Amend KRS 139.010 to exempt from sales and use tax any charges by the retailer for any services necessary to complete the sale if the charges are separately stated on the invoice, bill of sale, or similar document given to the purchaser; EFFECTIVE August 1, 2014.

(Prefiled by the sponsor(s).)

BR 352 - Representative Rick G. Nelson (12/05/13)

AN ACT relating to financial literacy.

Create a new section of KRS Chapter 158 to require the Department of Education to develop the Kentucky Financial Literacy Program; require a high school student to complete a one-half credit bearing course in financial literacy prior to graduation.

(Prefiled by the sponsor(s).)

BR 353 - Representative Rick G. Nelson (12/05/13)

AN ACT relating to financial literacy.

Create a new section of KRS Chapter 158 to require the Department of Education to develop a financial literacy program; require a high school student to complete a course in financial literacy that is integrated in the existing curriculum.

(Prefiled by the sponsor(s).)

BR 355 - Representative Arnold Simpson (11/15/13)

AN ACT relating to the angel investor tax credit.

Create new sections of

Subchapter 20 of KRS Chapter 154 to establish the angel investor tax credit program for certain investments in small businesses; define terms; state Act’s title and purposes; list requirements for small businesses and investors to qualify for participation; require the Kentucky Economic Development Finance Authority (KEDFA) to establish the application process; cap the total amount of angel investor and Kentucky Investment Fund Act tax credits available in all years at \$40,000,000; require KEDFA to maintain a Web site listing all businesses and investors certified and all credits awarded; require small businesses to report annually and allow for tax credit recapture in certain circumstances; amend KRS 152.20-255 to provide that the total amount of tax credits available in the Kentucky Investment Fund Act program and the angel investor program is \$40,000,000 in all years; create a new section of KRS Chapter 141 to establish the credit; amend KRS 141.0205 to provide the ordering of the credit.

(Prefiled by the sponsor(s).)

BR 365 - Representative David Osborne (12/13/13)

AN ACT relating to temporary custody orders.

Amend KRS 403.280 to create a presumption of joint custody in temporary custody orders and to have prior parental custody agreements become the court’s orders; amend KRS 403.320 to create a presumption of equal visitation time in temporary custody orders.

(Prefiled by the sponsor(s).)

BR 370 - Representative Sal Santoro (12/13/13)

AN ACT relating to trustees of fire protection districts and volunteer fire department districts.

Amend KRS 75.031, relating to the board of trustees of fire districts, to synchronize the election and appointment of trustees and their respective terms, in order to have two trustees who are elected by the qualified voters of the district at the November election occurring in even-numbered years, while specifying that only qualified voters of the district may vote for these candidates; create a new section of KRS Chapter 75 to set the procedures for the election of the two trustees representing the qualified voters of the district which will occur in the November election in even-numbered years; provide for staggering of terms and determination of term lengths for trustee.

(Prefiled by the sponsor(s).)

BR 379 - Senator Christian McDaniel, Senator Chris Girdler (12/12/13)

AN ACT proposing to amend Section 95 of the Constitution of Kentucky relating to the election of state officers.

Propose to amend Section 95 of the Constitution of Kentucky to hold the election of the Governor, Lieutenant Governor, Treasurer, Auditor of Public Accounts, Attorney General, Secretary of State and Commissioner of Agriculture, Labor and Statistics in even-numbered years, every four years, beginning in 2016;

provide transitional calendar; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

BR 384 - Senator Robin L. Webb (12/12/13)

AN ACT relating to knives.

Create a new section of KRS Chapter 65 to prohibit any unit of local government from having local knife control ordinances, to establish limitations on local action, to require repeal of any local knife ordinance, and provide that parties may sue to enjoin violations.

(Prefiled by the sponsor(s).)

BR 386 - Representative Bart Rowland (12/13/13)

AN ACT relating to school district employee health insurance.

Amend KRS 161.158 to specify that school district employees considered full-time under the federal Affordable Care Act shall be eligible for the state-funded contribution for the state health insurance plan offered by the school district.

(Prefiled by the sponsor(s).)

BR 391 - Representative Tanya Pullin, Representative Rick G. Nelson (12/13/13)

A RESOLUTION honoring Kentucky Department of Parks Commissioner Elaine N. Walker for assuring that parks employees will keep their full hours during the winter months.

Adjourn in honor of Kentucky Department of Parks Commissioner Elaine N. Walker for assuring Kentucky State Parks employees that they will keep their full hours during the winter months.

(Prefiled by the sponsor(s).)

BR 396 - Representative Denver Butler (11/25/13)

AN ACT relating to automated business record falsification devices.

Create a new section of KRS Chapter 517 to prohibit the possession of an automated business record falsification device, commonly known as a tax zapper or phantom-ware; provide that possession of such devices is a Class D felony, and provide for the forfeiture of such devices and all proceeds associated with the sale or use thereof; amend KRS 139.760 to provide for a ten-year sales tax permit revocation whenever any permit holder uses an automated business record falsification device to violate any provision of the sales tax laws.

(Prefiled by the sponsor(s).)

BR 397 - Senator Alice Forgry Kerr (12/12/13)

AN ACT relating to apprenticeship programs.

Amend KRS 343.010 to modify the definitions of “apprentice,” “apprenticeship agreement,” and “council”; amend KRS 343.020 to include two public members on the Apprenticeship and Training Council; amend KRS 343.030 to eliminate the confirmation requirement for the Governor’s appointment of a supervisor of apprenticeship and training amend KRS

343.040 to delete the requirement that the council give advice and guidance to the apprenticeship and training supervisor; amend KRS 343.050 regarding the requirements for an apprenticeship agreement; amend the apprenticeship agreement approval requirements in KRS 343.060; amend KRS 343.070 to require an informal hearing before the supervisor for dispute resolution; amend KRS 343.080 to conform.

(Prefiled by the sponsor(s).)

BR 402 - Representative Diane St. Onge (12/12/13)

AN ACT relating to individual income tax.

Create a new section of KRS Chapter 141 to allow an extension of time for filing a refund claim for an individual that received an airline payment amount and transferred any portion of the amount to an IRA according to Section 1106 of the federal FAA Modernization and Reform Act of 2012, Public Law 112-95; require certain documentation to be filed with the amended return; allow the amended return to be filed on or before December 30, 2014.

(Prefiled by the sponsor(s).)

BR 404 - Representative Will Coursey (12/12/13)

AN ACT relating to the Public Pension Oversight Board.

Amend KRS 7A.220 to increase the Public Pension Oversight Board membership from 13 to 17 members by adding one retiree of the Kentucky Retirement Systems appointed by the Speaker of the House of Representatives, one retiree of the Kentucky Retirement Systems appointed by the President of the Senate, one employee of an agency participating in the Kentucky Retirement Systems appointed by the Speaker of the House, and one employee of an agency participating in the Kentucky Retirement Systems appointed by the President of the Senate.

(Prefiled by the sponsor(s).)

BR 405 - Senator Katie Stine (12/12/13)

A RESOLUTION proclaiming the month of March 2014 as Music in Our Schools Month.

Proclaim the month of March 2013 as Music In Our Schools Month.

(Prefiled by the sponsor(s).)

BR 406 - Representative Jim Wayne (11/25/13)

AN ACT relating to public financing for judicial campaigns and making an appropriation therefor.

Create new sections of KRS Chapter 118A to establish the clean judicial elections fund; define terms; establish fund to distribute transfers to certified judicial candidates running for Justice of the Supreme Court; provide that the Kentucky Registry of Election Finance administer the fund and promulgate necessary administrative regulations; designate that moneys in the fund be invested in accordance with regulations developed by the State Investment Commission; require

the registry to publish information about campaign expenditures in the judicial campaigns of the previous year; establish requirements to be designated a certified judicial candidate and gain access to the fund; provide guidelines for distribution of funds to certified judicial candidates; direct that judicial review of any final action of the registry be expedited by the court; provide for a civil penalty up to \$10,000 for an actual violation of these provisions, and a Class D felony for any knowing violation of these provisions; create a new section of KRS Chapter 141 to provide that a person entitled to a state tax refund may designate on their income tax return an amount to be credited to the fund; amend KRS 21A.140 to permit the Supreme Court to allow members of the Kentucky Bar Association to contribute to the clean judicial elections fund with their bar dues; EFFECTIVE JANUARY 1, 2014.

(Prefiled by the sponsor(s).)

BR 409 - Senator Jimmy Higdon (12/12/13)

A RESOLUTION honoring Louisville Archbishop Joseph Kurtz upon being elected President of the United States Conference of Catholic Bishops. Adjourn in honor of Louisville Archbishop Joseph Kurtz upon being elected President of the United States Conference of Catholic Bishops.

(Prefiled by the sponsor(s).)

BR 410 - Senator Dennis Parrett (12/13/13)

AN ACT relating to the Endow Kentucky tax credit and declaring an emergency. Amend KRS 141.438 to increase the total amount of Endow Kentucky tax credits that may be awarded each fiscal year from \$500,000 to \$2,000,000 beginning in fiscal year 2014-2015; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 412 - Representative Jody Richards (12/10/13)

AN ACT relating to the enrollment of refugee or legal alien students in schools. Amend KRS 158.100 to allow a local board of education to provide services to refugees and legal aliens who are between the ages of 21 and 23; amend KRS 157.360 to adjust SEEK base funding to include refugees or legal aliens between the ages of 21 and 23 who are enrolled in a high school program.

(Prefiled by the sponsor(s).)

BR 419 - Representative Tom Burch (12/11/13)

A RESOLUTION adjourning the House of Representatives in honor and loving memory of Fontaine H. Banks, Jr. Adjourn in honor and loving memory of Fontaine H. Banks, Jr.

(Prefiled by the sponsor(s).)

BR 427 - Representative Mike Denham, Representative Steven Rudy (12/11/13)

AN ACT relating to property leased by the state. Amend KRS 56.813 to increase from \$1,000 to \$10,000 the threshold amount for improvements of space leased by an agency to be amortized over the remaining term of the lease; require reporting of expenditures for improvements with a cost between \$1,000 and \$10,000 to the Capital Projects and Bond Oversight Committee on a semiannual basis.

(Prefiled by the sponsor(s).)

BR 435 - Representative Kevin D. Bratcher (12/11/13)

AN ACT relating to status offenders. Amend KRS 630.030 to allow a peace officer to detain a truant child; amend KRS 630.040 to conform; amend KRS 610.200 to allow a peace officer to release a truant child to the child’s school.

(Prefiled by the sponsor(s).)

BR 436 - Representative Diane St. Onge (12/13/13)

AN ACT relating to heroin. Amend KRS 218A.1412 to establish a 50 percent time service requirement for offenders trafficking in two grams or more of heroin; establish a higher penalty structure for heroin trafficking resulting in an overdose death.

(Prefiled by the sponsor(s).)

BR 438 - Representative Derrick Graham (12/04/13)

AN ACT relating to training and assessment of new superintendents and declaring an emergency. Amend KRS 156.111 to expand the number of components within the superintendent’s training program and assessment center; require a superintendent to complete the assessment center process within two years of taking office as superintendent; require the Kentucky Board of Education to adopt administrative regulations to govern the criteria for successful completion of the training requirements; amend KRS 160.350 to require a superintendent to complete the training program and assessment center process within two years of assuming the duties of superintendent; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 440 - Representative Derrick Graham (12/13/13)

AN ACT relating to school-based decision making councils and declaring an emergency. Amend KRS 160.345 to require at least one parent representative of the school council to reside within the boundaries of the local school district; prohibit non-tenured teachers from serving on school councils unless no tenured teachers are willing or are available to serve; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 447 - Representative Keith Hall (12/11/13)

A RESOLUTION recognizing

the value and potential of the arts and cultural resources in contributing to economic growth in Kentucky. Adjourn in recognition of the value and potential of the arts and cultural resources in contributing to economic growth in Kentucky.

(Prefiled by the sponsor(s).)

BR 448 - Representative Reginald Meeks (12/12/13)

AN ACT relating to instruction permit and intermediate license holders. Create a new section of KRS Chapter 186 to require the Transportation Cabinet to forward a copy of all uniform traffic citations issued to drivers under the age of 18, to the parent or guardian who accepted liability for the minor under KRS 186.590; cite this legislation as “the Denzel Steward Act of 2014.”

(Prefiled by the sponsor(s).)

BR 449 - Representative Reginald Meeks (12/12/13)

AN ACT relating to the definition of “American Indian.” Amend KRS 446.010 to define “American Indian” to mean a person having origins in any of the original peoples of North and South America, including Central America, and who maintains tribal affiliation or community attachment to the tribe of origin or to the community of original peoples.

(Prefiled by the sponsor(s).)

BR 450 - Representative Reginald Meeks (12/12/13)

AN ACT relating to recognition of American Indian tribes. Create a new section of KRS Chapter 171 to allow a group desiring to be formally recognized as an American Indian tribe to submit a petition to the Kentucky Native American Heritage Commission; provide criteria that must be met to be recognized as an American Indian tribe; authorize the Kentucky Native American Heritage Commission to approve petitions submitted for recognition, provide approved petitions to the Governor and, if the Governor accepts the recommendation, provide for issuance of an executive order recognizing the approved group; require the Kentucky Native American Heritage Commission to promulgate administrative regulations identifying the procedures to be followed in submitting a petition and appealing a decision of the commission.

(Prefiled by the sponsor(s).)

BR 458 - Representative Gerald Watkins (12/13/13)

AN ACT relating to fees for fingerprinting and photography by law enforcement. Create a new section of KRS Chapter 16 to allow State Police to charge a reasonable fee when persons request fingerprinting and photography for professional, trade, or commercial purposes or for personal use; amend KRS 64.090 to allow sheriffs to also charge a fee for requested fingerprinting and photography; create a new section of KRS

Chapter 65 to allow local governments to charge a fee for requested fingerprinting and photography; create a new section of KRS Chapter 70 to allow sheriffs to change a fee for requested fingerprinting and photographs.

(Prefiled by the sponsor(s).)

BR 459 - Representative Gerald Watkins (12/13/13)

AN ACT relating to motor vehicles and repairs. Create a new section of Subtitle 20 of KRS Chapter 304 to require that motor vehicles that are involved in an accident and are still under a manufacturer’s warranty be repaired with new factory parts unless the use of after-market parts are approved in writing by the owner; require an insurance company to reimburse for new factory parts.

(Prefiled by the sponsor(s).)

BR 465 - Senator Dan “Malano” Seum (12/13/13)

AN ACT proposing a new section of the Constitution of Kentucky relating to casino gambling. Propose creating a new section to the Kentucky Constitution to allow casino gambling at no more than seven locations and dedicate ten percent of the revenue to promote equine interests, dedicate the Commonwealth’s revenue from gaming to job creation, education, human services, health care, veterans’ bonuses, local governments, and public safety.

(Prefiled by the sponsor(s).)

BR 483 - Representative John Short (12/13/13)

AN ACT relating to school holidays. Amend KRS 158.070 to require public schools to be closed the second Monday in November in observance of Veterans Day.

(Prefiled by the sponsor(s).)

BR 497 - Representative Kenny Imes (12/13/13)

AN ACT relating to travel required for certain state employees prior to appointment. Amend KRS 18A.115 to require certain nonmerit employees to travel to Fulton and Pike Counties of Kentucky prior to being appointed.

(Prefiled by the sponsor(s).)

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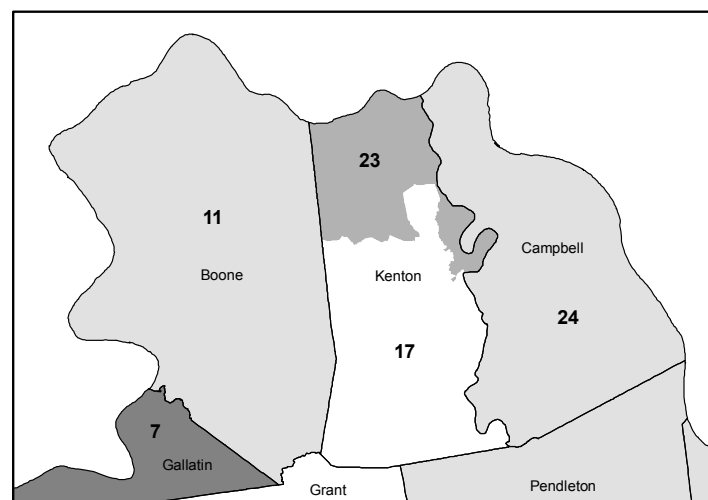
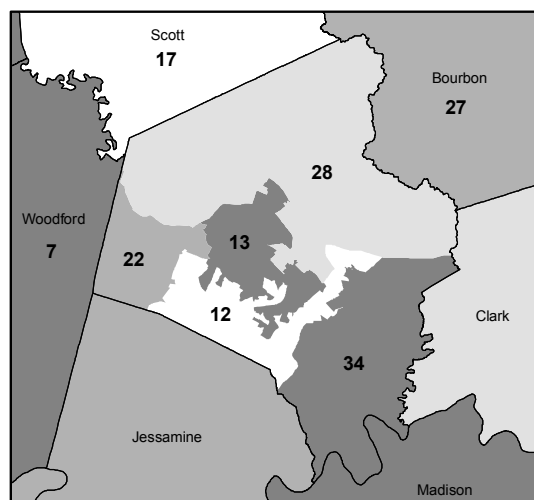
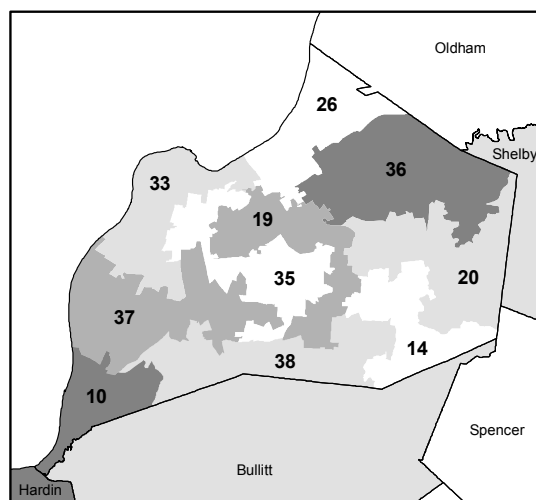
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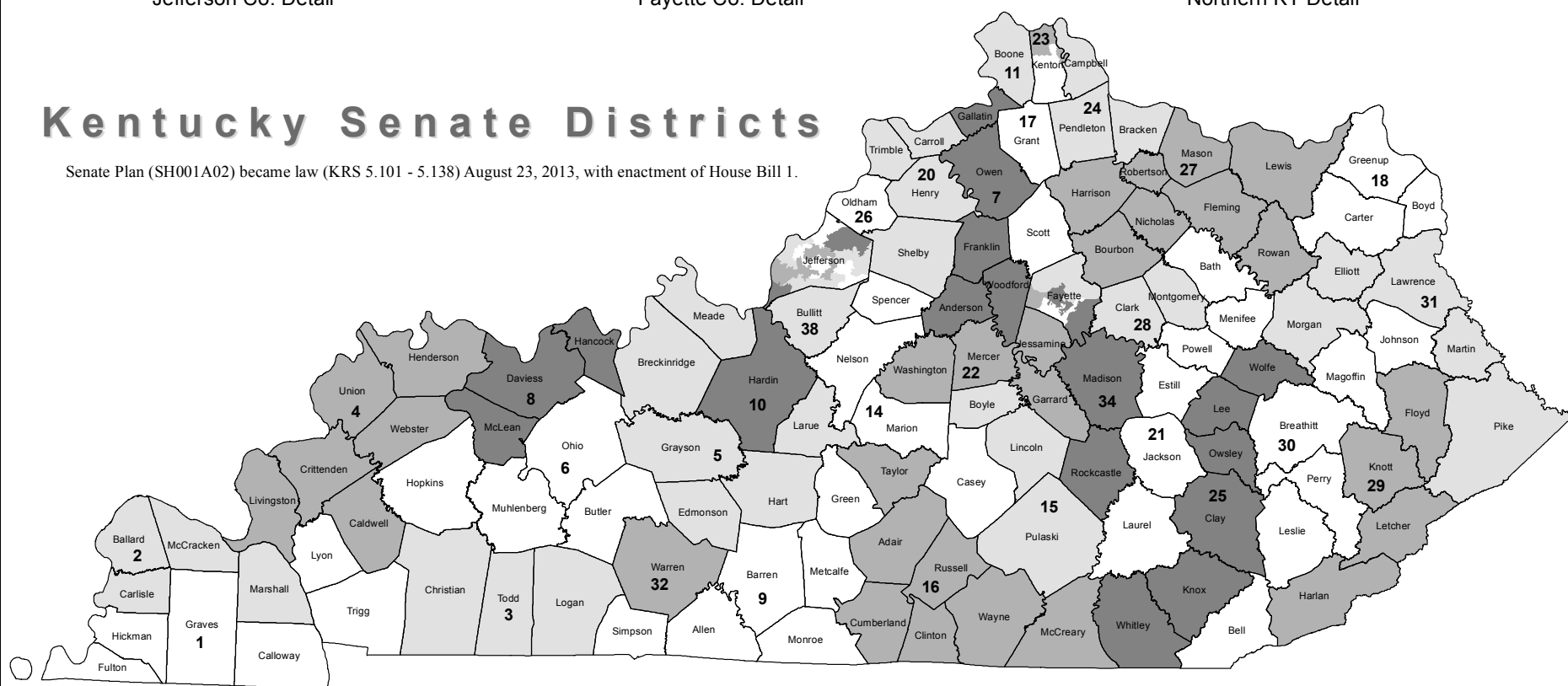
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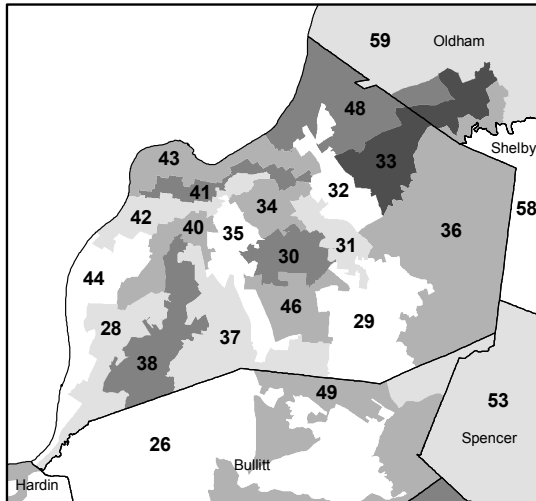


Kentucky Senate Districts

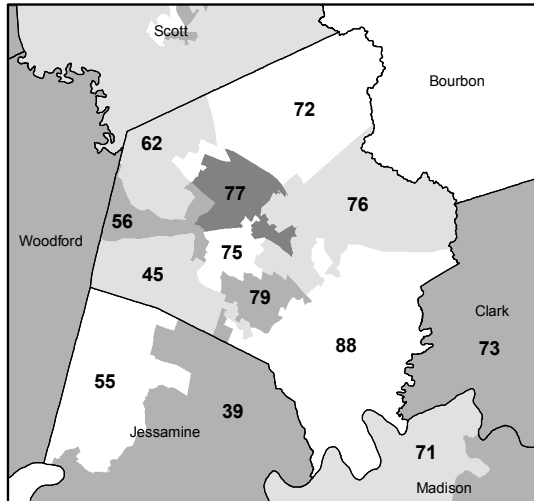
Senate Plan (SH001A02) became law (KRS 5.101 - 5.138) August 23, 2013, with enactment of House Bill 1.



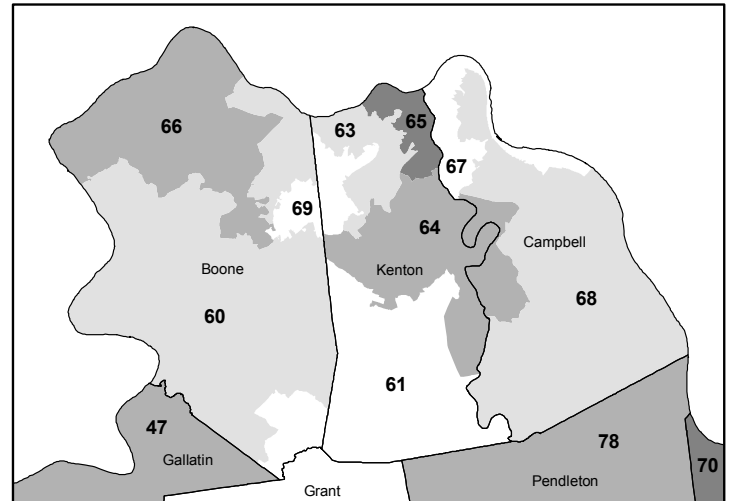
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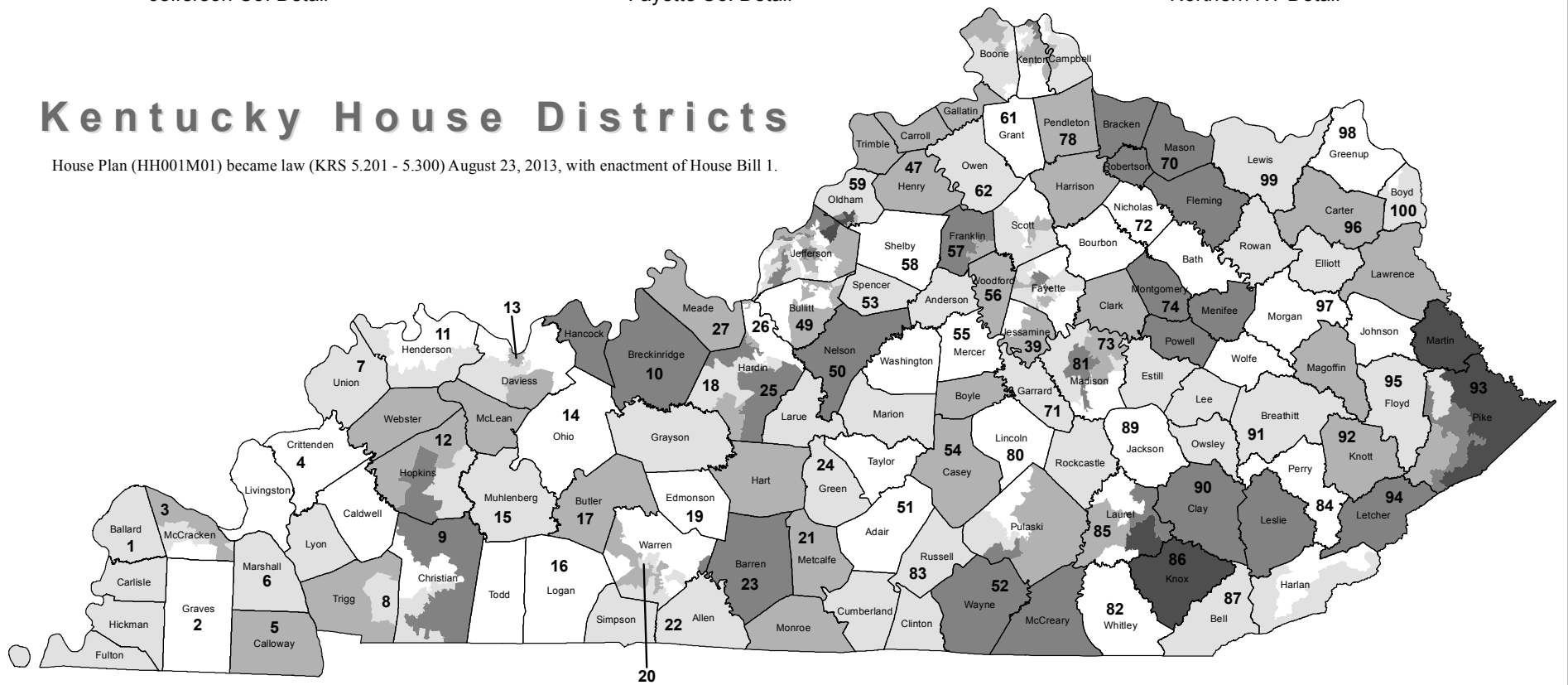
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Kentucky House Districts

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